BULLETIN

OF CONCERNED ASIAN SCHOLARS

APRIL-JUNE 1975 / TWO DOLLARS

Contributors

Michael Klare has been a staff member and research director of the North American Congress on Latin America (NACLA) for seven years and is an analyst of American global military power. Author of *War Without End· American Planning for the Next Vietnams,* he is completing a study with Eqbal Ahmad on the Kissinger strategy, and is also preparing a volume on U.S. arms sales to the Third World. He is the secretary of the newly formed Inter-University Committee to Stop Funding War and Militarism.

Mark Selden's recent books include *Remaking Asia Essays on the American Uses of Power* (Pantheon) and *Open Secret: The Kissinger-Nixon Doctrine in Asia* (Harper & Row). A former Bulletin editor, he recently returned from a year in Japan where he worked with the Pacific-Asia Resources Center, *Ampo*, New Asia News and Tokyo CCAS. He is presently teaching at Washington University.

Michael Morrow is a specialist in the international oil business and is an investigative reporter working in Asia. A founder of Dispatch New Service, he writes regularly for the *Far Eastern Economic Review* and is co-author with Leon Howell of *Asia, Oil Politics and the Energy Crisis* (IDOC International, 1974).

Gordon White, lecturer in political science at the Australian National University and long-time CCAS member, visited the Democratic People's Republic of Korea with an Australian group in May 1974. His main research interests are Chinese domestic politics and strategies for reducing inequalities in socialist societies.

Thadeus Flood spent part of 1974 in Thailand researching the anti-military rebellion of Fall 1973. He teaches Asian history at the University of Santa Clara in California.

Mai Ho is a well-known journalist in the Democratic Republic of Vietnam and is a staff writer for *Vietnam Courier.*

Russell Baker writes for the *New York Times* and the Sunday *New York Times Magazine.*

Subscriptions

BULLETIN OF CONCERNED ASIAN SCHOLARS

	One Year	Two Years
Regular	$ 7	$13
Outside of North America	$ 8	$15
Full-time Students	$ 5	$ 9
Outside of North America	$ 6	$11
Libraries/Institutions	$12	$24
Second-Class Overseas Air	$18	$36

Name

Street

City/State/Zip

For changes, please include *old* address with zip code. Send to: Bulletin, 604 Mission St., Room 1001, San Francisco 94105

Committee of Concerned Asian Scholars Statement of Purpose

We first came together in opposition to the brutal aggression of the United States in Vietnam and to the complicity or silence of our profession with regard to that policy. Those in the field of Asian studies bear responsibility for the consequences of their research and the political posture of their profession. We are concerned about the present unwillingness of specialists to speak out against the implications of an Asian policy committed to ensuring American domination of much of Asia. We reject the legitimacy of this aim, and attempt to change this policy. We recognize that the present structure of the profession has often perverted scholarship and alienated many people in the field.

The CCAS seeks to develop a humane and knowledgeable understanding of Asian societies and their efforts to maintain cultural integrity and to confront such problems as poverty, oppression, and imperialism. We realize that to be students of other peoples, we must first understand our relations to them.

The CCAS wishes to create alternatives to the prevailing trends in scholarship on Asia which too often spring from a parochial cultural perspective and serve selfish interests and expansionism. Our organization is designed to function as a catalyst, a communications network for both Asian and Western scholars, a provider of central resources for local chapters, and a community for the development of anti-imperialist research.

[passed March 28-30, 1969, Boston]

CCAS Coordinator: Angus McDonald, History Department, University of Minnesota, Minneapolis, MN 55455.

Attention CCASers!

Are you receiving the CCAS Newsletter? The NEW NEWSLETTER will carry research ideas, suggestions, tentative conclusions; course syllabi; bibliographies; information about radical organizations, radical literature; conferences; research opportunities and problems in the U.S. and abroad; job opportunities (?); critiques, comments, etc. . . .

The Newsletter goes to all CCAS members who pay $5.00 dues (*now* for 1975-76). Send dues to CCAS treasurer Judy Perrolle, 116 E. Manning, Providence, R.I. 02906.

Send typed *newsletter* contributions to Newsletter Editor David A. Wilson, Dept. of History, Washington University, St. Louis, Mo. 63130.

Cover Design: John Carroll / Carolyn Bean Associates, San Francisco.

The 24"x 38" map is copyrighted by Gulf Publishing Company. Available for $5 from:

Gulf Publishing Company
P. O. Box 2608
Houston, TX 77001

Permission to reprint a portion is gratefully acknowledged.

Contents

April-June 1975

SPECIAL ISSUE: IMPERIALISM AND DEVELOPMENT IN ASIA, PART I

Mark Selden	2	Introduction
Michael Klare	3	The Nixon-Kissinger Doctrine and America's Pacific Basin Strategy
Mark Selden	15	American Global Enterprise and Asia
Michael Morrow	34	The Politics of Southeast Asian Oil
Gordon White	44	North Korean *Chuch'e*. The Political Economy of Independence
Thadeus Flood	55	The Thai Left Wing in Historical Context
Mai Ho	68	Counter-Revolutionary War on a World Scale: Klare's *War Without End / review*
Russell Baker	71	Losing Others' Lands—It Should Make Your Blood Boil
	71	Communication
	72	Index for Volume 6 (1974)

Editor for the Special Issue: Mark Selden
Editors: Steve Andors / Christine White
Managing Editor: Jon Livingston
Book Review Editors: Moss Roberts / Bruce Cumings

Editorial Board: Len Adams / Nina Adams / Frank Baldwin / Herbert Bix / Helen Chauncey / Noam Chomsky / Gene Cooper / Bruce Cumings / John Dower / Kathleen Gough / David Grossman / Pat Jacobson / Richard Kagan / Perry Link / Ngo Vinh Long / Angus McDonald / Victor Nee / Felicia Oldfather / Gail Omvedt / James Peck / Ric Pfeffer / Carl Riskin / Mark Selden / Hari Sharma / Linda Shin / Peter Seybolt / Pat Stanford / George Totten/Martha Winnacker

We welcome submissions of essays and book reviews, as well as letters to the editors or authors about already published articles.

General Correspondence: CCAS Bulletin, Bay Area Institute, 604 Mission St., Room 1001, San Francisco, California 94105 *Manuscripts:* Steve Andors, 1000 Clove Road, Apt. 5R, Staten Island, NY 10314, in three copies if possible. *Book Reviews:* Bruce Cumings, 5 Crum Ledge Lane, Swarthmore, Pa. 19081. *Typesetting:* Archetype, Berkeley. *Printing.* Up Press, Palo Alto.

Bulletin of Concerned Asian Scholars, April-June 1975, Vol. 7, no. 2. Published quarterly in spring, summer, fall, and winter. $7; student rate $5; library rate $12; foreign rates (outside of North America): $8; student rate $6. Jon Livingston, Publisher. Bay Area Institute, 604 Mission St., San Francisco, California 94105. Second class postage paid at San Francisco, California.

Copyright © Bulletin of Concerned Asian Scholars, 1975.

LIBRARY MADRAS

Introduction

by Mark Selden

The stunning victories of the Vietnamese, Cambodian and Laotian national liberation struggles mark the emergence of a new era in Asia. Human solidarity has triumphed over the awesome and unbridled might of technology. A montagnard arrow slicing a helicopter fuel line, bringing the machine crashing to earth, a diminutive Vietnamese woman leading away a hulking American pilot at gunpoint, these are symbols of the victory of national liberation against overwhelming odds. The defeat of American armed might in Indochina inspires men and women in Asia, throughout the Third World, and in the United States to confront the power of empire and to strive for national independence.

The earlier French defeat at Dienbienphu led inexorably to the dismemberment of the French empire; defeat in the Second Indochina War has left American policy in a shambles. Militarily, the U.S. is in retreat. Eliminated throughout Indochina, it is under heavy pressure to reduce or end its presence in Thailand, South Korea, Taiwan, Okinawa and the Philippines. Economically, the collapse of the dollar as the pillar of the international economy and the subsequent worldwide depression have their roots in the multi-billion-dollar costs of war. The very ideology of Cold War anticommunism, whose cornerstone in Asia for more than 20 years was confrontation with China, has been replaced, at least temporarily, by the mood of detente. Henry Kissinger, the most eloquent spokesman articulating the parameters of declining American power, observed in April 1975 that

> *We could operate with a simplicity of the cold war until 1969, of absolute good against absolute evil, or preventing military aggression against allies . . . [By] 1969 we faced a dramatically changed environment. First Western Europe and Japan had regained economic vitality and some political constancy. Secondly, the simplicities of the cold war began to evaporate.*

But neither the Secretary of State's arrogant pieties nor the unleashing of the most barbaric air war in the history of human combat could turn the tide in Indochina.

This is not, however, the whole story. While the era of American hegemony is waning, the Ford Administration is determined to preserve the remaining American military and economic presence in Asia. As Secretary of Defense James Schlesinger stated in 1975 remarks which smack of discredited Cold War policy, the United States will maintain a "defensible iron chain of bases in Asia." The rhetoric of detente masks the persistence of a weakened but dangerous United States in pursuing goals of hegemony in critical regions of Asia.

Michael Klare underlines the continuing structure of American bases, naval and air power and the second line of Asian mercenary forces in Indonesia, South Korea, the Philippines, Thailand, Taiwan and elsewhere. While major goals remain constant, tactical shifts have become imperative.

Why, despite costly defeats abroad and substantial domestic opposition, does the U.S. Government persist in maintaining its military presence in Asia? Government spokesmen insist that the "national interest" requires it. However, the studies by Mark Selden and Michael Morrow suggest a different answer: it is the multinational corporations, particularly the powerful oiligopolies and allied banking interests with vast and growing stakes in the region. Selden traces the roots of an expansionist Asian policy to the global thrust of the concentrated U.S. oil and banking interests which dominate both the domestic and international economies. Simultaneous with the battle for Indochina in the late '60s, the Pacific Basin emerged as the single most dynamic area of expansion of U.S. business.

The opposing forces of imperialism and national liberation offer radically different paths to development. Black gold could hold the key to development for many Asian countries. But as Michael Morrow shows, oil wealth in the region serves only to line the pockets of the international companies and Asian elites.

The case study of the Democratic People's Republic of Korea (DPRK) by Gordon White highlights an alternative path which confronts nations formulating development strategies. The DPRK's extraordinary record of self-reliant development provides an example of successful opposition by a medium-sized country to both American imperialism and attempts by the Soviet Union to direct its economic development.

What are the prospects for other Asian nations successfully taking an anti-imperialist stand and embarking on an independent course of development? In 1975 attention is focused on two nations. In Korea, mounting repression by the Pak regime has failed to quell the voices of resistance in a land which has known war, division and U.S. military occupation since the Second World War. The second is Thailand, where, under heavy popular pressure, a new government has ordered immediate reductions in the 27,000 U.S. troops there and their total withdrawal by the spring of 1976. Thadeus Flood discusses the historical roots of a strong anti-imperialist movement among urban students and the intelligentsia and its links with armed revolutionaries in the maquis.

Professor Le Van Hao's autobiography, "The Path of a Patriotic Intellectual," which will appear in the concluding part of this two-part special issue, highlights the contribution made by Vietnamese intellectuals and students. In conjunction with rural-based revolutionary movements, urban anti-imperialist forces played a significant role in the victory in Vietnam just as they play a key element in present developments in Thailand.

Part II of this special issue will deepen the analysis begun here of the major contending forces in Asia. It will include a study by Peter Britton of the Indonesian military as a neo-colonial army of occupation and an historiographical review essay by Herbert Bix on the historical and contemporary face of Japanese imperialism.

This issue was initiated as a joint project with the Pacific-Asia Resources Center (PARC), Tokyo, and was extended to include work prepared independently for the Bulletin. The papers by Michael Klare, Michael Morrow and Mark Selden were originally presented in Tokyo at an international conference organized by PARC.

The victory of the Indochinese peoples has strengthened the forces of national liberation and weakened the position of American imperialism, but the future of Asia will continue to be dominated by the struggle between these opposing forces as it has been throughout the twentieth century. The articles in these special issues are presented to contribute to an understanding of these competing forces and modes of development which are of crucial importance to the lives of millions of Asians and Americans.

The Nixon/Kissinger Doctrine and America's Pacific Basin Strategy

by Michael T. Klare

In early 1963, when America's Vietnam commitment was still limited to advisors, Green Berets and CIA commandos, Gen. Maxwell D. Taylor (then Chairman of the Joint Chiefs of Staff) told Congress of the exciting prospects awaiting America's new counterinsurgency cadres in Indochina:

> *Here we have a going laboratory where we see subversive insurgency, the Ho Chi Minh doctrine, being applied in all its forms. This has been a challenge not just for the armed services, but for several of the agencies of Government, as many of them are involved in one way or another in South Vietnam. On the military side . . . we have recognized the importance of the area as a laboratory. We have had teams out there looking at the equipment requirements of this kind of guerrilla warfare. We have rotated senior officers through there . . . so that even though not regularly assigned to Vietnam, they are carrying their experience back to their own organizations.*[1]

Six months later, Diem was overthrown and Taylor pleaded for thousands of regular U.S. troops to help prevent his Indochina "laboratory" from becoming a debacle. Ultimately, Vietnam was to become a crucial testing ground not only for American counterinsurgency programs but also for the core elements of U.S. grand strategy in Asia. At its height, the Vietnam war represented the most ambitious effort by a Western power to impose its will on mainland East Asia through the direct application of military force; when the last U.S. ground troops were withdrawn in March 1973 it was clear that America's status as the sole arbiter of "Free World" affairs had been irrevocably lost, and that henceforth Washington's ability to affect events on the mainland of Asia would be severely circumscribed.

Ever since taking office in 1969, President Nixon's primary foreign policy concern has been to repair the damage caused by Vietnam and to restore American primacy in shaping world affairs. Before proceeding to a discussion of the measures adopted by Nixon and his chief aides to attain this objective, it is necessary to review briefly the role of Vietnam in America's overall defense policy.

During the Eisenhower Administration, U.S. defense policy was dominated by the strategy of Massive Retaliation, which held that the very threat of thermonuclear attack was sufficient to deter any military challenge to American national interests. Massive Retaliation failed, however, to deter revolutionary upheavals in Cuba, Algeria and Indochina, and in 1961 President Kennedy adopted General Taylor's strategy of Flexible Response to provide an enhanced "conventional" (i.e., non-nuclear) option in meeting threats at the lower end of the military spectrum. In keeping with the new doctrine, Kennedy authorized a substantial expansion of U.S. ground forces and approved the development of a substantial counter-insurgency capability in the Army. When the Diem regime came under sustained attack from indigenous revolutionaries, the Kennedy Administration – in the first major test of Flexible Response – ordered the deployment of Special Forces commandos and U.S. Army "advisers" to Vietnam. And when these forces failed to stem the growing revolt, Kennedy sent still more "advisers" to protect the "credibility" of our counterinsurgency capability. Each increment had to be followed by another, however, and ultimately over half a million U.S. combat troops were committed to the long and futile attempt to defeat the Vietnamese revolution.[2]

America's failure to destroy the revolutionary movement in Vietnam provided a decisive setback for Flexible Response and discredited the strategy of using large numbers of ground troops in protracted counter-guerrilla wars. In a major critique of U.S. defense policy, Col. Zeb B. Bradford of the Army wrote in *Military Review* that as a result of Vietnam, "we have learned that, in strategic terms, ground power can be quite inflexible once committed, however much flexibility it may provide on a tactical level . . . While aircraft and ships can often reverse course and make a clean break, ground forces rarely can do so once engaged." The use of ground forces thus *"burns the bridges of easy political or logistical withdrawal."*[3] (Emphasis added.)

Vietnam also demonstrated that the political and economic costs of extending America's military might to the mainland of Asia are too high to be borne by any administration. As long as the U.S. involvement in Vietnam was limited to advisers and Green Berets, domestic public opinion was largely neutral on the issue of the war; but once large numbers of combat troops were committed to a costly and seemingly endless ground war, public opinion became negative and finally hostile. Ultimately, it became obvious to soldier and citizen alike that the American strategy in Vietnam – with its emphasis on the massive use of ground forces – was incapable of producing a rapid and economical victory; with this realization came substantial dissent and rebellion within the military and a massive outpouring of anti-war sentiment at home. The lessons and consequences of Vietnam are certain to have a

profound impact on future U.S. military strategy; as the nation enters the post-Vietnam era, it is clear that the Defense Establishment will seek to develop new strategies and tactics in order to overcome the following constraints:

- The American public will not permit U.S. ground troops to become involved in another protracted counter-guerrilla war in remote Third World areas.
- The growing concern with domestic economic issues – inflation, corruption, the energy crisis, trade deficits, etc. – suggest that an increasingly smaller share of the Federal budget will be available for Defense programs in the years ahead. The commitment to a volunteer army – itself a product of the domestic political upheaval – means that manpower costs will consume an ever larger portion of the Defense budget, with a corresponding decrease in the supply of funds available for weapons acquisition.
- The spread of antiwar sentiment to the armed services and growing G.I. resistance to racism and repression have substantially reduced the fighting capability of many units; such dissent has not, moreover, disappeared with the conclusion of Vietnam fighting and the introduction of an all-volunteer service, and the Pentagon has been obliged to abandon many manpower-intensive strategic plans.

Most serious, however, is the collapse of the Cold War ideological consensus which assured popular support for increased military spending and the deployment of U.S. forces abroad. It is no longer sufficient – as in the heyday of Berlin and Korea – to raise the specter of communist expansionism in order to secure public backing (and Congressional funding) for overseas interventions. Thus the House Subcommittee on National Security Policy concluded in 1972 that "U.S. national security is not automatically endangered whenever a country turns toward communist ideology"[4] – a statement that would have been considered heretical (if not treasonous) a decade ago. And, in a commentary on the military's present predicament, Admiral Stansfield Turner of the Naval War College noted gloomily: "The American people appear to be desirous of reducing the world-wide roles we have been filling for the past 25 years. . . . Thus, it is becoming increasingly difficult to pay for all the forces needed to support the strategy of containment of Communism that has remained largely unchanged over the past quarter-century."[5]

The domestic consequences of Vietnam have been paralleled by equally serious repercussions abroad. While the United States diverted enormous resources to an indecisive ground war in Southeast Asia, other nations—within both the capitalist and socialist spheres – expanded their economies at record rates while acquiring the latest military hardware. Only now, with America's disengagement from Vietnam nearly complete, can we begin to appreciate the magnitude of power realignments that have taken place over the past decade. Whereas once it was common to define all international crises in terms of the great power struggle between the United States and the Soviet Union, today most analysts agree that this bipolar balance has given way to a multipolar world in which five "key world power centers" – China, Japan, Western Europe, the Soviet Union, and the United States – figure in the global power equation.[6] Although the United States remains the world's number one superpower, any serious assessment of the post-Vietnam military environment must take these developments into account when computing the global strategic balance:

The People's Republic of China, with an independent nuclear capability and a growing array of strategic delivery systems (including long-range bombers and medium-range ICBMs), has become a major regional power.

Japan has emerged from the ruins of World War II with the world's third largest GNP and a substantial warmaking capability. Although its constitution prohibits the development of an offensive military capability, Japan has constructed a substantial military apparatus capable of dominating the air and sea many hundreds of miles beyond the home islands. Although Tokyo remains dependent on the U.S. "nuclear umbrella," most analysts believe that Japan has the technology and resources to acquire an independent nuclear capacity when it so decides.

Western Europe, like Japan, has recovered from wartime devastation to pose a serious challenge to American supremacy in the Free World marketplace. And while Europe continues to rely on the U.S. nuclear capability for deterrence of general war, both Britain and France possess themonuclear weapons and most large European countries have a substantial domestic armaments industry.

The Soviet Union, unencumbered by a costly land war in Asia, has channelled substantial economic resources into the acquisition of sophisticated hardware, including advanced ICBMs and SLBMs (submarine-launched ballistic missiles) and – for the first time in Russian history – a substantial "high seas" naval fleet that is considered a major threat to U.S./NATO hegemony in the Mediterranean, Indian Ocean and North Atlantic.

The new world balance-of-power equation forged by these developments is further complicated by the presence of other crucial parameters: the international currency crisis stemming from loss of confidence in the dollar; intensified trade rivalries within the capitalist camp; the Sino-Soviet dispute; competition for energy supplies, etc. Furthermore, the growth of new "sub-regional" powers (many of them armed with the latest European, American or Russian armaments) like Iran, Israel, India and Brazil further complicates the equation.[7] (The explosion of a nuclear device by India on May 18, 1974, gave dramatic new significance to this phenomenon.) Nor can the United States assume that current allies will continue to remain friendly, or that traditional clients will remain subservient. During the 1973 Arab-Israeli war, for instance, West Germany refused to permit transshipment of U.S. military equipment to Israel, while Greece and Turkey prohibited refueling by U.S. supply planes.

Despite these changes and uncertainties, U.S. foreign policy objectives have remained essentially unchanged over the past three decades. The principal objectives of U.S. foreign policy have been, and will continue to be, the maintenance of global military and economic supremacy, including the intensification of U.S. control over foreign markets and sources of raw materials (particularly energy sources). These objectives require, in turn, the containment or cooptation of Soviet power and influence (the USSR being the most potent threat to U.S. world paramountcy), the continued subordination of capitalist allies (particularly Western Europe and Japan), and the defeat of national liberation movements in the Third

World.

While U.S. objectives remain constant, however, the means available to attain them are continually diminishing. The dollar is no longer the world's commanding currency and U.S. products no longer dominate world trade in many export categories. In the military arena, the erosion of U.S. leverage is even more pronounced: although the United States is still stronger militarily than any other single power (or than most combinations of lesser powers), it must be prepared to face a situation in which it could emerge on the weaker side of world power realignment. And, as shown in Vietnam, even a "limited" non-nuclear engagement in one area can severely restrict the capability to fight simultaneous engagements elsewhere. As noted by Admiral Thomas Moorer,

> *. . . our relative military power throughout the world has peaked and is declining. We no longer possess that substantial strategic superiority which in the past provided us with such a significant margin of overall military power that we could, with confidence, protect our interests worldwide. Henceforth, we will have to chart our course with much greater precision and calculate our risks much more cautiously.*[8]

In response to the changing domestic and international environment, American policymakers have sought new instrumentalities of influence and coercion in order to prevent further reductions in U.S. leverage. By negotiating a Strategic Arms Limitation Agreement (SALT-I) with the USSR, the Nixon Administration helped slow down the nuclear arms race while preserving America's lead in strategic weaponry. Creation of an all-volunteer Army and reductions in overseas U.S. troop deployments neutralized much anti-military sentiment at home, while acquisition of new jumbo transport jets and added naval attack forces assure a continued U.S. capability to intervene abroad. Military and police assistance and arms sales have risen spectacularly to insure that client regimes will retain sufficient muscle to stay in power even after the withdrawal of U.S. expeditionary forces. Such military programs have been complemented by various economic, political and diplomatic measures designed to provide U.S. policymakers with a wider spectrum of options with which to pursue U.S. objectives than were previously available.

In Chile, for instance, the Nixon administration and allied multinational firms employed a subtle combination of economic warfare (aid cutoffs, a credit blockade, freezes on deliveries of key machine parts, etc.) with political intrigue to paralyze the Allende government while actively aiding its opponents (especially those in the armed forces).[9] On a broader scale, the new approach is most evident in the diplomacy of détente: by restoring ties with the People's Republic of China and collaborating with the Soviet Union in the containment of local disputes, as in the India-Pakistan War of 1971, the Nixon Administration has succeeded in bringing U.S. foreign policy in better alignment with the actual balance of world power, permitting a more pragmatic and economical expenditure of foreign policy resources. At the same time the White House has pursued various diplomatic and political maneuvers designed to exacerbate the Sino-Soviet split, thus compelling China and the USSR to dissipate their own military resources and thereby to reduce their capacity to offset U.S. encroachments elsewhere.[10]

The Administration's new tactical initiatives are formally summarized in the Nixon Doctrine. When first promulgated in July 1969, the Doctrine called for the gradual withdrawal of U.S. combat troops from Asia and the assumption of a "forward defense" role by the ground forces of our clients (liberally supported, of course, by U.S. air and sea forces).[11] As noted by President Nixon in his 1970 "State of the World" address, the Doctrine's operative phrase held that in cases of non-nuclear conflict, "we shall furnish military and economic assistance when requested and as appropriate, but we shall look to the nation directly threatened to assume the primary responsibility of providing the manpower for its defense."[12] By 1973, however, the Doctrine had been given a much wider interpretation: instead of applying merely to Asia, it had been extended to the entire globe; and instead of referring exclusively to military resources and options, it encompasses the whole spectrum of foreign policy operations. As stated by Deputy Defense Secretary William P. Clements, Jr. in a 1973 appearance before the House Foreign Affairs Committee, the Nixon Doctrine now incorporates three basic principles:

- The first is partnership with friendly nations in which the obligations, as well as the benefits, of peace are equitably shared.
- The second is a sufficiency of overall military strength, both U.S. and allied, in relation to that of others.
- The third is a willingness, in company with our friends, to negotiate in order to seek solutions to the underlying causes that lead to conflict.[13]

Stated in more pragmatic terms, the revised Doctrine envisions the United States at the center of a new galaxy of power relationships and alliances in which armed combat will be delegated – insofar as possible – to the weaker and poorer nations while détente and collaboration will govern relations between the richer and stronger nations (including those in the communist bloc).

This new flexibility is subject, however, to several important constraints. To begin with, the United States must prevent the ascendancy of the Soviet Union (or any other great power) to true *super*-power status, which would obviously entail the collapse of the present structure of alliances. Furthermore, the Administration's startling rapprochement with China and the USSR alienated certain allies (especially Japan) whose views were not consulted, and weakened others (like Taiwan) whose survival is predicated on an undiluted Cold War stance. Despite the failure to create a self-sufficient anti-communist regime in South Vietnam, moreover, the United States is still committed to the survival of numerous authoritarian regimes throughout the Third World, and, since such governments are certain to engender discontent so long as they frustrate popular demands for self-determined national development, the need for future U.S. military intervention can never be entirely discounted. Finally, while détente and collaboration among the great powers may reduce the uncertainties of international relations, the growing number of independent players in the world arena and the diversity of competing ideologies insure that no pacts or accommodation will remain inviolable for long. "It would be very comforting to view the world as some sort of emerging Utopia," Army Chief of Staff General Creighton W. Abrams asserted in 1973,

> *. . . but to do so one must blot out the problems associated*

with the growing U.S. dependence on access both to markets and to material sources, especially energy sources, beyond our shores. It means discounting the fact that the world is growing smaller with more and more countries interacting in world affairs which will create more opportunities for friction. And lastly, it means minimizing the awesome reality that formidable military force is in the hands of leaders whose ideologies and purposes are not yet compatible with ours.[14]

Abrams added that "I do not know, nor do I propose to forecast, when and where some contingencies will arise calling for the use of Army forces. I only know that such a contingency probably will arise and it is our business to be prepared for it."[15]

Given this assessment of the international strategic environment, it is possible to understand why American military planners have found it necessary to restructure the entire defense establishment in order to assure continued U.S. supremacy in the uncertain world of the 1970s. War plans which were considered suitable for global superpower conflict along the lines of World War II have been replaced with new strategies calling for a very limited role for U.S. combat forces in future combat situations. At the same time the new doctrine foresees an increased use of combat forces in a political and psychological mode – for threat, intimidation, bluff and admonition. (In the 1973 Mid-East crisis, for instance, U.S. forces were put on a worldwise alert in order to discourage the USSR or its allies from intervening on behalf of Egypt.) In most Third World areas, the primary defense responsibility will be delegated to indigenous military and paramilitary forces (including the police) and to the expeditionary troops of selected sub-regional powers such as Brazil, Iran and South Africa U.S. military involvement, when authorized, will normally consist of air or sea operations in support of allied ground forces, or quick, "surgical" assaults by U.S. shock troops lofted abroad by huge jumbo jets and backed by abundant U.S. airpower. The contours of America's strategic posture, according to Chief of Naval Operations Admiral Elmo R. Zumwalt, Jr., dictate that "future U.S. military involvement overseas will call first for the high-technology, capital-intensive services – air and naval forces – to support the indigenous armies of threatened allies."[16]

On the basis of this assessment, the following outline of future U.S. military strategy has been constructed:

1. At the *upper* reaches of the military spectrum – all-out nuclear war – America's superiority in strategic weaponry will be preserved indefinitely in order to deter any challenge to U.S. global paramountcy. This effort will involve development of a "counterforce" capability permitting U.S. strikes against Soviet missile silos. The Pentagon has also "modernized" its arsenal of "tactical" nuclear weapons in order to enhance the "credibility" of their use in limited war situations (and thus their utility as threatening devices in diplomatic confrontations).
2. At the *lower* end of the military spectrum – counterinsurgency and guerrilla warfare – U.S. military and economic aid and arms sales to favored Third World regimes will be greatly increased to assure the availability of sufficient local forces to defeat any revolutionary challenges to pro-U.S. governments. Such forces will be financed with American dollars, armed with American weapons, led by American-trained officers, and guided in battle by American advisers. In addition, the United States will contribute to the formation of regional or sub-regional powers that can be obliged or persuaded to "police" the region on behalf of their U.S. benefactors. Among the countries that are being groomed for this role are Indonesia, Iran, Saudi Arabia, and Brazil.
3. In the broad *middle* range of military contingencies, the United States is developing a new "menu" of options designed to increase its leverage without depleting the nation's economic and manpower resources. Here, the emphasis is on economy, speed, and mobility. Specifically, the new menu includes the following measures:
   a. America's naval strike forces will be expanded in order to insure instant availability of ships and planes for defense of threatened client regimes. This will normally involve – as demonstrated in May 1972 in Vietnam – the deployment of aircraft carriers to provide air support for client armies on the mainland. These mobile forces will also be used in a deterrent mode – i.e., they will be sent to the coastal waters of a hostile nation to signal America's readiness to intervene should that nation embark on a course deemed inimical to U.S. interests.
   b. The United States will gradually withdraw most of its garrison troops stationed overseas while expanding its capability to redeploy U.S.-based troops abroad in an emergency. This will ultimately involve an agreement on mutual force reductions in Europe and the establishment of well-defended logistical bases to serve as "stepping stones" for the giant transport aircraft that will rush American soldiers, troops and equipment abroad in future crises.
   c. On the rare occasions in which U.S. combat troops are actually committed to battle, American forces will use every advantage in firepower and technology to overwhelm hostile forces before any domestic or foreign opposition movements have a chance to mature. Once hostilities are concluded, these forces will return to their stateside and seaborne bases to await the call for the next intervention.

These precepts – the organizing principles for Zumwalt's "high-technology, capital-intensive" forces – constitute the basic framework for U.S. military policy in the 1970s. From these options various combinations of tactics and strategies are being developed to fit the particular conditions and potential power relationships in each military theater. In the remainder of this essay I will attempt to map out America's evolving strategy in Asia.

America's Naval/Island Strategy and the Pacific Basin System

Although the instruments of U.S. grand strategy in Asia have been modified and refashioned in response to the changing nature of local power relationships, the paramount U.S. objective in the region has remained relatively consistent since the end of World War II: to replace obsolete colonial and imperial economic structures with a "free trade" system conducive to penetration and domination by U.S. capital. This goal has required, in turn, the containment of People's China, the defeat of national liberation movements in Southeast Asia, and the restoration of Japanese capitalism under American

leadership. Twice in the past quarter-century major U.S. armies have fought in Asia in furtherance of these goals, and today over 158,000 American soldiers still stand watch to protect U.S. interests. (See Table A for a breakdown of the U.S. military presence in East Asia.) Indeed, it is clear that despite the trauma of Vietnam, U.S. policymakers have not abandoned their goal of securing control over the area's resources and expanding the field for U.S. trade and investment: U.S. investments are growing at a faster rate in Asia than in any other area of the world, and U.S. oil companies are rushing to secure concessions for exploitation of the area's offshore petroleum reserves.[1]

DEPLOYMENT OF U.S. FORCES IN EAST ASIA AS OF JUNE 1974 [a]

Country	*U.S. Servicemen*
Japan & Okinawa	57,000
South Korea	28,000
Taiwan	5,000
Philippines	17,000
Thailand	35,000
Offshore (7th Fleet)	16,000
TOTAL	158,000

a. Source: *The New York Times,* June 26, 1974.

U.S. and Japanese corporate ideologists in the 1960s have developed the "Pacific Basin" concept to describe the outreach of American capitalism in Asia. "For most of modern history," Standard Oil of California's Board Chairman, O. N. Miller, wrote in 1973,

> *the focus of trade and industry was on the nations washed by the Atlantic Ocean. But 20th century communication and transportation have shrunk the once formidable time and distance barriers of the Orient, and today within the Pacific Basin's vast, but now accessible regions are some of the most rapidly expanding national economies of the world.*[2]

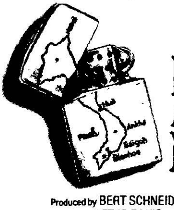
America's Vietnam war spending helped spur the rapid economic growth in these countries, and now U.S. corporations want to appropriate much of the area's new wealth. As noted by former Bank of America president Rudolph A. Peterson in a speech to California businessmen, "There is no more vast or rich area for resource development or trade growth in the world today than this immense region, and it is virtually in our own backyard."[3]

In recent years the "Pacific Basin" concept has been stretched even further to encompass the Indian Ocean, which—since the 1967 closure of the Suez Canal—has been more accessible from the Pacific than from the Atlantic or Mediterranean. The Indian Ocean has become one of the most important arenas for big power naval rivalry: a Soviet squadron has been stationed there since 1967, and U.S. warships have been deployed regularly since 1971. The reasons for the growing naval buildup are not difficult to identify—the tankers which provide 90 percent of Japan's petroleum supply, 60 percent of Europe's and an increasing proportion of North America's, all must pass through the Indian Ocean on their way to and from the oil ports.[4] These waterways also link some of the most populous, important, and resource-rich Third World nations in the world, including Iran, Pakistan, India, and Indonesia. Rocco M. Paone, professor of foreign affairs at the U.S. Naval Academy at Annapolis, has termed the Indian Ocean the newest "heartland of the world." He provides this inventory of its assets:

> *The Western portion of the Indian Ocean heartland includes much of the untapped mineral, agricultural, and forest resources of some of the most fertile regions of Africa. . . Along the northwestern border is concentrated about 60 percent of the world's oil reserves. The northern portion of this heartland includes the manpower resources of India, and on its eastern and southeastern areas are located the enormous riches of the East Indies and the rapidly developing continent of Australia.*

Paone went on to suggest that whoever controls the Indian Ocean region "controls the new heartland of the world and can be dominant in shaping world politics."[5]

Protection of Western shipping (particularly oil shipping) in the Indian Ocean is now a major responsibility of CINCPAC (Commander-in-Chief, Pacific Command), the major U.S. headquarters in Asia. (Prior to 1972, the Indian Ocean fell under the jurisdiction of the U.S. European Command). The White House sent the aircraft carrier *Hancock* into the Indian Ocean during the 1973 Mideast war, and the Pentagon later announced plans to rotate warships through there regularly.

ACADEMY
AWARD WINNER
BEST DOCUMENTARY
"Excruciatingly brilliant."
—Zimmerman, Newsweek
"...an incredible achievement..."
—Stone, S.F. Chronicle

HEARTS
AND
MINDS
Produced by BERT SCHNEIDER and PETER DAVIS
Directed by PETER DAVIS · A Touchstone-Audjeff Production for BBS
A HOWARD ZUKER/HENRY JAGLOM RAINBOW PICTURES Presentation
a release from rbc films
NOW AVAILABLE FOR BOOKING FOR
PLAYDATES ON OR AFTER SEPTEMBER 1, 1975
rbc films 933 North La Brea Avenue
Los Angeles, California 90038
Phone: (213) 874-7330

The new U.S. naval base at Diego Garcia, a small island in the British Indian Ocean Territory, is being expanded to handle the increase in naval activity. According to Admiral Thomas H. Moorer,

> *The United States has important interests in the area, even beyond the self-evident need for access to oil and mineral resources. We must demonstrate to both allies and would-be adversaries U.S resolve to deter threats to the vital sea lanes of communication in the area and to prevent closure of those lines of communication if deterrence fails.*[6]

With the Indian Ocean under Pacific Command jurisdiction, CINCPAC is responsible for U.S. interests in an immense region encompassing Japan, South Korea, Taiwan, the Philippines, Indochina, Australia, Indonesia, and the Indian subcontinent—an area of 94,000,000 square miles, or 40 percent of the earth's surface. Maintenance of a significant military presence in all of these vast territories would be beyond the capacity of even the richest empire; and, as Vietnam has shown, even a limited "police action" on the mainland of Asia can entail a prohibitive commitment of manpower and dollars. With the collapse of America's interventive mission in Vietnam and the steady rise of anti-military sentiment at home and within the armed forces themselves, it became obvious that the Pentagon would have to develop new war plans which did not entail a significant U.S. ground presence on the Asian mainland.

In order to preserve U.S. hegemony in the vital Pacific/Indian Ocean area while eschewing the use of forward-deployed ground forces, the Pentagon has adopted a new naval/island strategy calling for U.S. superiority at sea and the maintenance of offshore military strongpoints. By controlling the strategic waterways of Asia, the United States can exercise ultimate dominion over all nations whose economic survival is dependent upon seaborne imports of food, energy sources and/or strategic raw materials—that is, every nation except perhaps the People's Republic of China. Such control is exercised first by the U.S. Seventh Fleet—by far the most powerful naval force in Asia—and second by a continuous chain of island bases stretching in a mighty arc from Japan and Okinawa in the northwest Pacific to Taiwan, the Philippines and Micronesia in the southwest Pacific, and then on to Singapore and Diego Garcia in the Indian Ocean.

These island bases provide logistical and communications support for U.S. forces assigned to the region, serve as "home ports" for warships permanently stationed in the western Pacific, and house supply depots for U.S.-backed indigenous forces on the mainland.[7] (The Pentagon acknowledged in May 1974 that it had built up a secret $1 billion stockpile of weapons and ammunition for use by South Vietnam, South Korea and Thailand in future military conflicts.)[8] In addition, most of the U.S. troops now being withdrawn from mainland bases in Thailand and Korea are to be relocated in nearby island bases like those on Okinawa, the Philippines, Guam and Hawaii. The entire Third Marine Division—one of the first combat units to be deployed in Vietnam—is now based on Okinawa, and many of the Air Force units being pulled out of Thailand will be relocated at Clark Air Force base in the Philippines.[9] These forces are available for rapid deployment to any crisis area in the Pacific Basin region; and, while they are not strong enough to fight a protracted major war (Pentagon doctrine does not call for them to do so), they would play a crucial role at the outbreak of a revolution or territorial conflict while hostile forces are still weak. Such "forward deployed" forces are also designed to perform an important political-psychological function by serving as a symbol of America's determination to remain the hegemonic power in the region. As noted by Admiral Moorer,

> *U.S. general-purpose [i.e., non-nuclear] forces are deployed to the Western Pacific to deter aggression and to reassure our allies, particularly Korea and Japan, of our continuing interest and ability to play a major stabilizing role in the area. These forward-deployed forces would be crucial in a major conflict, serve as a deterrent to regional escalation of local confrontation, and demonstrate our resolve to remain a Pacific power. . . .*[10]

Of these island strongholds, the most important are those in Japan, Okinawa, Micronesia, and the Philippines. The Japanese port city of Yokosuka is the "home port" for the Seventh Fleet flagship—the cruiser *Oklahoma City*—as well as six destroyers and the aircraft carrier *USS Midway*. Yokosuka's drydock and ship-repair facilities are considered the best in Asia and its workforce the most proficient.[11] Okinawa (now under Japanese administration) is the principal U.S. Army logistical base in Asia and an important "stepping stone" for the giant Air Force transport planes that will ferry troops and supplies to any future battlefields in the Pacific region.[12] Subic Bay, the mammoth Navy base near Manila, currently services 110 warships a month—three times the workload of 1964—and houses an ammunition dump with 95,000 tons (six times the amount stockpiled ten years ago).[13] In Micronesia—site of a major U.S. military build-up—Guam already houses a Strategic Air Command B-52 base and a Polaris ballistic missile submarine base, while neighboring Tinian is slated to become an elaborate training, storage and logistics base. Without these crucial bases (and others in Hawaii, New Zealand and Australia), the United States could sustain its dominant military position in the Pacific Basin area. According to Admiral Noel Gayler, CINCPAC's current boss, "Our bases in Japan and the Philippines are the key to our strategic position."[14]

These island bases are more easily defended than any comparable mainland bases, since the United States would control all surrounding air and sea areas in the event of war. Politically, these countries are closely aligned with the United States, and—because of their historic ties with the West—U.S. troops could be sent to their defense at a much lower political cost than would be the case in any comparable action on the mainland. Should a revolution break out in any of them, moreover, U.S.-sponsored counteraction could be organized more effectively than elsewhere because American planes and warships would immediately seal off the area and prevent any deliveries of arms and supplies from reaching the rebels.

The political advantages of this offshore strategy were clearly spelled out by J. K. Holloway, Jr., U.S. Consul-General in Osaka-Kobe and a former Naval officer, in a 1972 essay in *U.S. Naval Institute Proceedings*:

> *The major and at all times overriding mission of the U.S. Navy in the western Pacific is to be the first-line deterrent and ultimate defense of the formal alliance*

partners of the United States who are supportable by seapower. . . .

To would-be, globe-bestriding naval strategists, this absolute priority to nations which at this moment face little direct external threat may seem restrictive, [but] it is also a mission that the American congress and the American people will back. . . .

Nothing will lose more quickly the support of the American people than the suspicion that the Navy is committed in the western Pacific to objectives other than the support of maritime alliances to which the United States is pledged.

Most obvious among these confusing objectives is . . . trying to project American naval power onto the mainland of Asia. The dangers of such projection are present today and will not diminish in the next few years.[15]

The heart of a fleet that fills this mission, Holloway added, "must continue to be the fast carrier force able to base itself in the western Pacific, able to stay long periods at sea, and able to protect itself at a distance against hostile submarines, aircraft, and missile-bearing surface vessels."[16]

Although this strategy appears at first sight to reduce U.S. military leverage in the Pacific theater, it does not signal any departure on the part of Washington from the U.S. goal of dominating the economic future of the entire area. In fact, the naval/island strategy has certain built-in advantages that only become apparent when one has investigated the consequences of U.S. economic policies in the area. By fostering increased trade among the Pacific Basin countries (including those on the mainland), and helping (through increased aid and investments) to accelerate their economic "modernization" (i.e., industrialization and infrastructure development), the United States and its capitalist partners (particularly Japan) are tightening the dependence of these countries on the world capitalist market and thus on seaborne exports and imports—*all of which must be carried over waterways dominated by the U.S. Navy.* From the perspective of U.S. policymakers, accelerated industrialization and economic development in the Pacific Basin have these important strategic consequences:

1. Increased dependence on foreign sources of crude and refined petroleum, most of which will have to come from U.S.-owned oil companies and all of which will have to be transported by ship.

2. Transformation of Asian agriculture into export-oriented cash-crop industries, precluding self-sufficiency in food, thus requiring increased (shipborne) imports of food-stuffs, principally from the U.S.

3. Development of high-technology assembly and export-oriented industries, resulting in increased specialization, increased interdependence in raw materials, production equipment, specialized parts, etc.—most of which, of course, must be carried by sea.

4. Increasing national involvement in the international monetary system dominated by the United States, Japan, and Western Europe, and represented locally by island-based "financial centers"—Tokyo, Hong Kong and Singapore.

5. Finally, as a natural consequence of all of the above, the rapid formation of indigenous entrepreneurial elites whose prosperity depends to a large extent on ties to the large multinational combines, and who thus become increasingly committed to the preservation of the world capitalist system.

In summary, then, U.S. efforts to quicken the pace of economic growth in the Pacific Basin induces increased interdependence and raw material consumption, and thus increased vulnerability to economic sanctions (particularly trade restrictions) imposed by the advanced industrial powers. With every increment in regional trade, moreover, the quantity and importance of seaborne commerce is bound to grow (since rail and pipeline links are almost nonexistent) and thus the strategic importance of Asia's waterways—i.e., the areas where U.S. military strength is concentrated. American economic policies, therefore, are continually enhancing the deterrent value of U.S. naval forces while at the same time advancing the interests of U.S. traders and investors.

Although Pentagon officials tend to measure military preparedness in purely martial terms (strength of forces, weapons, performance, etc.), they are not unaware of the linkages between economic and military policies and have been compelled—by the shifting power relationships of post-Viet-nam Asia—to exploit such linkages in the formulation of grand strategy. This approach was advocated in a remarkable 1963 essay by Defense Secretary James R. Schlesinger—then a systems analyst at the RAND Corporation—on "Strategic Leverage From Aid and Trade." In the past, Schlesinger argued, "the United States has failed to take advantage of the power potential implicit in aid and trade through its failure to develop concepts and mechanisms of deterrence in ways akin to what has been done in the military field" Much of this inadequacy, he noted, "may be ascribed to a failure to develop sanctions. . . . No system of deterrence can exclusively stress the carrot and ignore the stick."[17] The "carrot and stick" formula is particularly relevant when dealing with the non-aligned nations of the Third World, which he suggested are like "children" in need of strong parental guidance. "Much of the disappointment we have felt in recent years regarding the behavior of the neutrals may be attributed to our earlier failure to establish an incentive system which would help elicit the type of behavior we desired." Our policy toward these countries will be much more effective, he asserted, when we abandon "permissiveness" and adopt "a system of sanctions which is at least vaguely perceived in advance."[18]

While military force will continue to constitute the ultimate sanction, Schlesinger indicated, the U.S. must develop "intermediate responses" to cope with "provocative action" on the part of rebellious Third World countries. Citing the blockade of Cuba as a model, he argued that restraints on trade constitute the most effective nonmilitary sanction for "punishing" aberrant countries. "Making access to American and other Western markets contingent on avoidance of overtly hostile acts, by providing a sanction, would alter the way in which underdeveloped nations perceived the environment."[19] If such a nation adopted policies to the West, he suggested, the United States could mount a blockade of that country's exports and thus cripple its economy—with little collateral damage to the U.S. economy. Despite the protests such an act might provoke, "the long-run therapeutic effect on other states of such action might be substantial."[20]

Schlesinger's argument is remarkably prescient of the *naval/island strategy* now being implemented. Indeed, he ultimately concludes that increased trade and interdependence can benefit both the military establishment and the U.S. business community: "Aside from the economic advantages which trade conveys, the expansion of trade under present

conditions is useful in that by creating interdependence it provides a medium for nonmilitary deterrence."[21] And while his remarks were not addressed to any particular region, they are particularly relevant to the emerging Pacific Basin economy—a fact which Schlesinger, now Secretary of Defense, can hardly fail to grasp.

When linked, the Administration's military and economic policies provide a highly efficient and versatile tool for advancing U.S. interests in Asia. Further analysis suggests, however, that the success of America's Pacific Basin strategy ultimately depends on the durability and dependability of the U.S.-Japan alliance.

The Tokyo-Washington Axis in Asia

Since the early Cold War era, Japan has been viewed by U.S. policy-makers both as a major basing complex for support of U.S. operations elsewhere in Asia and as an economic giant whose loss to communism "could change the balance of industrial might against the West."[22] Japan's loyalty to the world capitalist system could only be assured, in Washington's view, if Japan were assured access to adequate sources of raw materials and markets in the larger Pacific community. Thus, from the very onset of the Cold War, Southeast Asia and Japan have been closely linked in U.S. strategic planning.[23] In one of the earliest insertions in the Pentagon Papers, the top military command noted:

> *Orientation of Japan toward the West is the keystone of United States policy in the Far East. In the judgment of the Joint Chiefs of Staff, the loss of Southeast Asia to Communism would, through economic and political pressures, drive Japan into an accommodation with the Communist Bloc* [24]

President Eisenhower later affirmed that the loss of Southeast Asia "takes away, in its economic aspects, that region that Japan must have as a trading partner or Japan, in turn, will have only one place in the world to go—that is, toward the Communist areas."[25]

These claims were used to justify U.S. financing of the French war against the Viet-Minh (Washington ultimately underwrote 80 percent of France's war costs), and then America's own intervention in Vietnam. Later, as the Japanese economy began its meteoric rise to the world's number three position, Washington discovered other compelling reasons for the expansion of Japanese trade with Southeast Asia:

First, to help reduce the flood of Japanese exports into the American market—where they had begun undermining the profitability of American products;

Second, to enhance Japan's stake in the survival of capitalist economies in the Pacific Basin and thus generate pressure for increased Japanese economic, political and military support for America's client regimes.

For the United States—with its military capabilities clearly strained by the long and costly adventure in Vietnam—this last point has assumed particular relevance. Thus as early as 1967 Richard Nixon spelled out America's hope for increased Japanese contributions to the "Free World" alliance system:

> *The natural momentum of Japan's growth, the industry of her people, and the advanced state of her economy must inevitably propel Japan into a more conspicuous position of leadership. . . Along with [its] dramatic economic surge, Japan will surely want to play a greater role both diplomatically and militarily in maintaining the balance in Asia.* [26]

Washington has consistently favored the expansion of Japan's military apparatus (within guidelines established by Washington), and this goal has become a major concern of the Nixon and now Ford Administrations. When former Defense Secretary Melvin Laird visited Tokyo in July 1971 (the first visit to Japan by a U.S. secretary of defense), he told Japanese officials that Japan must play a more active role in the defense of pro-Western regimes (particularly those in South Korea and Taiwan) if the United States was to continue defending Japan against a nuclear threat.[27] These demands were renewed when Henry Kissinger visited Tokyo in June 1972 and have been voiced continuously since.[28] In 1973, for instance, *The New York Times* reported that U.S. Defense officials had been pressuring their Japanese counterparts to expand Japan's antisubmarine warfare capabilities.[29]

While American strategy has always envisioned a wider role for Japan in Southeast Asia, it is only in the past few years that Japan has actively sought out the role designed for it by U.S. policymakers. Japanese trade with non-communist Asia has risen spectacularly since 1965, and since the early '70s, Japanese investments in South Korea, Taiwan, Indonesia,

RADICAL AMERICA

ANNOUNCES

TWO ISSUES ON THE WAR IN VIETNAM

Villagers at War: The N.L.F. in My Tho Province by David Hunt- a book-length study of the Vietnamese people in revolt. $2.00

Organizing Against the War- featuring articles by Jim O'Brien and Matt Rinaldi on the Anti-War and G.I. Movements plus a review of *Fire in the Lake* by a Vietnamese Marxist. $1.00

Order from *Radical America*, 5 Upland Rd., Cambridge, Mass., 02140.

Thailand, the Philippines, Malaysia and Singapore have begun to rival and in some cases surpass those of the United States.[30] Keeping pace with these economic developments is the expansion of the Japanese military apparatus, which is called—in token adherence to Japan's no-war Constitution—the Self-Defense Force (SDF). Under Tokyo's current Five-Year Defense Plan (the fourth to be adopted since General MacArthur ordered the reconstitution of the Japanese military in 1950), the SDF will acquire sufficient bombers, warships and other weapons to extend Japan's "defense perimeter" to Okinawa and other offshore points hundreds of miles from the home islands.[31] When the Fifth Defense Plan is completed in 1980, moreover, Japan will possess the third most powerful navy and air force in Asia and will have a sufficient amphibious capability to transport significant ground forces to other Asian battlefields.[32]

Although U.S. strategy does not currently envision a Japanese ground combat role on the mainland of Asia, Washington expects Tokyo to assume many of the high-technology tasks now performed by U.S. forces in Asia—particularly air defense and antisubmarine warfare (ASW). Japan is already responsible for the air and sea defense of U.S. bases in Japan and Okinawa and participates in the joint air defense network covering South Korea as well as Japan. Tokyo also announced—in the November 1969 Nixon-Sato Communique on the reversion of Okinawa—that Korea was "essential to Japan's security" and Taiwan was a "most important factor for the security of Japan." [33] Although Tokyo has never spelled out the meaning of these commitments, Japanese military officials have met frequently with their American counterparts to plan joint action in the event of military hostilities in South Korea or Taiwan.[34] Japan's new status as co-proprietor of the Seoul and Taipei regimes has been further cemented by joint military maneuvers with U.S., Korean and Taiwanese forces, and by exchanges of military personnel.[35]

As noted earlier, Japan also serves as a major U.S. "springboard" for military operations elsewhere in Asia. The elaborate complex of naval and air bases at Yokosuka, Sasebo, Iwakuni, Yokota and Yokohama constitute, with Okinawa, the most important U.S. communications, logistics and repair complex in Asia. Under the U.S.-Japan Security Treaty of 1960, America can use its Japanese bases in support of military operations anywhere in Asia after the usual *pro forma* "consultations" with Tokyo, as indeed these bases were used directly (as in B-52 bombing from Okinawa) and indirectly (training, supply, repairs, etc.) to support U.S. war operations in Vietnam. Asked whether the U.S. could replace these bases elsewhere, Admiral Gayler told *U.S. News and World Report* in 1974:

> *There is no way our security relationship with Japan can be replaced. No other nation in the Pacific has the industrial capacity or could give us as much assistance when both countries are in trouble. And there is a considerable base investment there already that we aren't going to duplicate in any budget in the near future. So there isn't any replacement for our bases in Japan. . . .*[36]

The importance of these bases was enhanced even further in October 1973, when Yokosuka became the new "home base" of the *USS Midway*—the first U.S. aircraft carrier to be permanently homeported outside U.S. territorial waters. Although officially described as an "economy" measure to eliminate costly and time-consuming trips to California for repairs and servicing, the homeporting arrangement is clearly designed to upgrade the U.S. naval posture in the western Pacific and to compensate for the withdrawal of U.S. ground troops.[37] Indeed, the *Midway*—with its 75 fighter-bombers and 4,000 crewmen—is a powerful symbol of America's continued military supremacy in the Pacific. According to Admiral Zumwalt:

> *As the number of our land-based forces deployed overseas declines, we will need to keep some evidence of power in sight. This will at the same time sustain our allies' confidence in us and demonstrate by our presence both our capability and our determination to protect our commerce and our sources of strategic materials from any interruption.*[38]

In summary, then, Japan is viewed as a major military partner by the United States—one that is expected to play an increasingly active role in American efforts to control the major oceanic areas surrounding Asia and to sustain the remaining pro-U.S. regimes in the region. Clearly, Tokyo's continued adherence to this system will result in significant benefits for Japan in terms of increased trade with Southeast Asia and continued U.S. protection of the vital sea routes linking Japan with its overseas markets and sources of critical raw materials. Nevertheless, there are growing tensions in the U.S./Japanese relationship and some indications that Tokyo may someday be compelled to sever the partnership. Indeed, ever since the famous "Nixon shocks" of 1971 (when without prior notice Washington announced in quick succession its opening toward China and the imposition of a surcharge on Japanese imports to the United States), many Japanese policymakers have advocated greater self-reliance in both foreign policy and long-range economic planning.

Although Japan clearly occupies a privileged position in the new Pacific Basin system being engineered in Washington, it is equally clear that it is a *subordinate* position. While encouraging Japan to expand its trade with Southeast Asia and to broaden its investments in such fields as textiles, electronics and timber, the United States has reserved for itself the really decisive and lucrative investments in oil, minerals, and refining. American oil firms were the first to open up the area to resource development, and their initiative has paid off handsomely in terms of petroleum, natural gas and some mineral discoveries and concessions. A 1974 economic survey of the area published by *The New York Times* notes:

> *American oil companies, which started offshore drilling in the Java Sea six years ago, have stayed far in the lead of a pack of Western and Japanese oil interests that has since gone on to the Gulf of Siam off Thailand, the Sulu Sea off the Philippines, the South China Sea off Vietnam, the Yellow Sea off South Korea and the Taiwan Strait.*[39]

Indeed, a map of oil concessions in Southeast Asia published by *Petroleum News* in mid-1974 shows that American firms have already staked off the largest and richest offshore oil concessions in the region.[40] American firms also dominate such crucial fields as offshore drilling technology and mineral exploration. All this suggests that resource-hungry Japan will continue to be dependent on U.S.-controlled sources of raw materials, and that its stake in many of the most lucrative industries will continue to be overshadowed by that of the

United States.[41] (Japan's relative weakness vis-a-vis the United States in overall economic terms was amply demonstrated during the "energy crisis" of 1973-74 when Japanese consumers were forced to purchase oil from the U.S. majors at much higher prices than those paid by American buyers.)

The unequal nature of the U.S.-Japan alliance is also evident in the military realm: although Washington clearly wants Japan to expand its defense role in Asia, it opposes any moves that would promote Japanese self-sufficiency in military power and thus opposes the development of an independent nuclear capability.

Ultimately, the success or failure of the U.S. naval/island strategy in Asia is dependent on the survival of the existing alliance system with Japan. Without its Japanese bases and without Japan's participation in the emerging Pacific Basin system, the United States can hardly expect to remain the dominant power in the Pacific/Indian Ocean area. Yet as Japan's desire for greater economic independence and self-reliance grows—as undoubtedly it will—Tokyo will inevitably come into conflict with Washington's efforts to control the terms and direction of trade and investment in Asia. Of course, the frictions that arise from such conflict will be softened by increased Japanese participation in joint development schemes —and by both powers' desire to avoid a costly and destructive trade war (not to mention a *shooting* war). Nevertheless, the fact remains that America plans to remain the number one power in Asia, and that any attempt by Japan to reject its subordinate role is bound to provoke a decisive—if bloodless—response from Washington.

In approaching the difficult problem of U.S.-Japanese relations, Administration policymakers are obviously constrained by the truly narrow range of options available to them. On the one hand, Washington wants Tokyo to assume a more active role in the development and defense of the Pacific Basin system, while on the other hand it cannot permit Japan to significantly reduce its dependence on U.S. military forces and raw materials suppliers. The intermediate path between these imperatives is strewn with pitfalls, however, and the only certainty in the whole equation is that tension between Tokyo and Washington is destined to grow. Ultimately the United States cannot help build a stronger Japan without at the same time generating pressures for greater Japanese autonomy in economic and military affairs and thus increased dissension and competition within the Pacific Basin system as a whole.

Conclusion

While the defection of Japan represents the gravest potential threat to America's Pacific Basin strategy in Asia, many other conflicts, rivalries and tensions pose significant threats to the stability of the system as a whole. We should not forget, for instance, that despite two major wars, numerous counterinsurgency campaigns and tens of billions of dollars in military assistance funding, the United States still has not succeeded in destroying the indigenous revolutionary movements that have taken root in the region. Indeed, a quick survey of the military situation suggests that in many countries rebel forces are stronger than ever before:

—In the *Philippines,* two years after Ferdinand Marcos assumed dictatorial powers in a much-publicized campaign to restore law and order, the insurgent threat is greater than at any other time since the Huk rebellion of the 1950s. Despite emergency deliveries of U.S. weapons and the ubiquitous presence of U.S. advisers, government forces have not been able to crush the rebel movements in central Luzon, western Mindanao, and the Sulu Archipelago. In the South, the well-armed Moslem Revolutionary Forces enjoy considerable popular support and many observers view the situation as a replica of Vietnam in the early days of the war.[42]

—In *Thailand,* where the United States has spent some $640 million to upgrade the counterinsurgency capabilities of the Royal Thai Army, the guerrilla forces in the north, northeast and southwest are reportedly stronger than ever. Although a crack Green Beret team personally supervised the training of the Thai counterinsurgent forces, guerrilla forces continue to grow "at a steady if unspectacular rate of 10 to 20 percent a year." The U.S. effort in Thailand, according to Joseph Lelyveld of *The New York Times,* has "added little luster to the American reputation for expertise in counter-guerrilla warfare."[43]

—In *Cambodia,* despite annual subsidies in the hundreds of millions of dollars and an illegal network of U.S. military advisers, the Lon Nol regime was unable to withstand the Khmer Rouge and collapsed in April 1975.

—In *Burma,* minority Lahu tribesmen continue to resist government authority in the mountainous northeast, while further north other guerrilla bands are reportedly in control of a large border area.[44]

—In *Malaysia,* remnants of the Malayan Liberation Army (which was supposedly crushed by the British in 1960 after a 12-year counterguerrilla campaign) still occupy mountain areas along the Thai border, and have successfully resisted persistent government efforts to "pacify" the region.[45]

—Finally, in *South Vietnam,* despite a decade of counterinsurgency and the most concentrated air and artillery bombardment in history, the National Liberation Front survived every onslaught and in April 1975 finally ousted the Thieu regime.

This survey suggests that no Pentagon strategy can guarantee U.S. control of events in Asia. Indeed, careful analysis suggests that the Administration's Pacific Basin strategy is composed of many unstable and potentially incompatible elements. Many U.S. clients are threatened by internal conflict or popular unheaval, while others are engaged in intense rivalries with their neighbors. Every Asian country, moreover, has had a history of colonialism and/or Japanese occupation and thus is naturally suspicious of any big power alliance. Instead of exercising direct, on-the-spot control of its Asian dependencies, the United States has adopted a strategy of indirect control based on threat, intimidation, trade controls and the use of mercenaries; and, while such a strategy can provide some short-term relief to an overextended empire, it cannot provide long-term security. Ultimately it is the *perception* of power that is important, and thus as the overt presence of the United States fades, so does its capacity to subjugate and contain the destabilizing forces already present within the system.

The unstable nature of the Pacific Basin system becomes particularly evident when one considers that the new Pentagon strategy is based on continued occupation of bases located in countries ruled by dictators. These rulers—Park in Korea, Marcos in the Philippines, Suharto in Indonesia, and Chiang Ching-Kuo in Taiwan—have become completely isolated from the great masses of the population and have had to adopt

increasingly repressive measures to maintain control. Since the United States has been so closely identified with the incumbent regimes, new governments are likely to seek to diminish the influence of Washington. This process is already visible in Thailand, where the reform government of Sanya Dharmasakti has sought diplomatic ties with Hanoi and has ordered the United States to discontinue its use of Thai bases for support of reconnaissance overflights in the Indian Ocean.[46] Although the loss of bases in any single country of mainland Asia would not by itself cripple the U.S. system, such upheavals could trigger a chain reaction by calling into question the durability of the Pacific alliance.

This analysis suggests that instabilities in Asia constitute the most immediate threat to the U.S.-sponsored Pacific Basin system; as Vietnam demonstrated, however, events in Asia cannot be separated from the political process at home and any strategy for continued U.S. domination in Asia is certain to generate some resistance in the United States itself. The embattled Nixon Administration encountered considerable difficulty in persuading Congress to vote the funds needed to sustain U.S. clients in Asia. The Senate cut Indochina spending by nearly half in 1974, and the House of Representatives—normally more receptive to the White House position—imposed severe cuts of its own. With the trend toward lower aid appropriations clearly gaining momentum, it is unlikely that Washington can continue to provide its Asian allies with the kind of subsidies to which they have become accustomed.

The Pentagon's Pacific strategy has also encountered resistance from another key constituency—the armed forces themselves. Even with an all-volunteer system and attractive enlistment bonuses, the Defense Department has failed to deploy a highly-motivated, disciplined army in Asia. Dissent and rebellion are widespread despite the cessation of hostilities in Vietnam (which was to have cured such troubles), and the Navy has faced serious insurgencies within the Seventh Fleet itself. In June 1974, for instance, more than 100 sailors failed to report for duty abroad the *Midway* in a protest against the conditions aboard ship, and a large percentage of the *Midway*'s crew supported the dissidents.[47] As long as American society itself is riven by racial and economic inequities the armed forces will experience continued turmoil and thus the effectiveness of any U.S. strategy must be called into question.[48]

The interlocks between events in Asia, Japan and the United States become most obvious when one considers the ultimate contingency: the outbreak of a popularly-supported armed revolution in one of America's key Pacific strongholds. Should the United States intervene with the full weight of its forces, there is no guarantee of success on the battlefield and every likelihood that such action would provoke widespread dissent at home. If, instead, Washington adopted the Nixon Doctrine Solution of using local ground troops supported by U.S. Air and Naval forces, there would be even less likelihood of success. Washington could, of course, acquiesce to the revolt and impose economic sanctions on the revolutionary government (as in the case of Cuba), but such a passive response is bound to encourage dissidents elsewhere to step up their struggle against the local U.S. client. *Any* U.S. response to a revolt, in other words, is likely to provoke resistance and dissent in other segments of the Pacific Basin system, and thus none of the options available to Washington can guarantee long-term U.S. supremacy in an Asian alliance.

Notes

1. U.S. Congress, House, Committee on Appropriations, Subcommittee, *Department of Defense Appropriations for 1964, Hearings*, 88th Cong., 1st Sess., 1963, Part I, p. 483-84.
2. For a discussion of Kennedy's response to the revolutionary threat in Vietnam, see: Michael T Klare, *War Without End. American Planning for the Next Vietnams* (New York: Knopf, 1972), pp. 31-55.
3. Zeb B. Bradford, "American Ground Power After Vietnam," *Military Review*, April 1972, p. 4.
4. U.S. Congress, House, Committee on Foreign Affairs, Subcommittee on National Security Policy and Scientific Developments, *National Security Policy and the Changing World Power Alignment*, Report, 92d Cong., 2d Sess., 1972, p. 4 (Hereinafter cited as *National Security Report*)
5. Stansfield Turner, "The United States at a Strategic Crossroads," *U S Naval Institute Proceedings*, October 1972, p. 20.
6. *National Security Report*, p 3. For discussion, see: Turner, "Strategic Crossroads," pp. 18-25, and, Raymond J. Barrett, "A Balance of Powers," *U.S Naval Institute Proceedings*, April 1972, pp. 19-24.
7. *National Security Report*, p. 4.
8. U.S. Congress, Senate, Committee on Appropriations, Subcommittee, *Foreign Assistance and Related Programs Appropriations for Fiscal Year 1973, Hearings*, 92d Cong., 2d Sess , 1972, pp. 881-82.
9. Elizabeth Farnsworth, et al., "Facing the Blockade," *NACLA's Latin America Report*, January 1973 pp. 1-32; and, "Chile: The Story Behind the Coup," *NACLA's Latin America Report*, October 1973, pp. 1-12
10. For discussion, see: Richard J. Barnet, "Nixon's Plan to Save the World," *New York Review of Books*, November 16, 1972, pp. 14-18; and, Gabriel Kolko, "Vietnam and the Future of American Foreign Policy," *Liberation*, May 1973, pp. 8-17
11. See Virginia Brodine and Mark Selden, eds., *Open Secret The Kissinger-Nixon Doctrine in Asia* (New York: Harper & Row, 1972).
12. Richard M. Nixon, *U.S. Foreign Policy in the 1970s*, I (Washington: Government Printing Office, 1970), pp. 55-56.
13. U.S. Congress, House, Committee on Foreign Affairs, *Mutual Development and Cooperation Act of 1973, Hearings*, 93d Cong., 1st Sess., 1973, p. 108.
14. Creighton W Abrams, "The Posture of the Army," Statement Before the House Committee on Armed Services," U.S. Department of Defense press release, [May] 1973, pp 2-3.
15. Ibid., p. 3
16. Elmo R. Zumwalt, Jr., "The Navy Tomorrow," *Ordnance*, January-February, 1972, p. 285.

* * *

1. See *Pacific Basin Reports*, February 1, 1973, p. 29, for investment data and July 1, 1973, pp. 138-48, for oil data.
2. Quoted in *Pacific Basin Reports*, February 1, 1973 p 28.
3. Quoted in Peter Wiley, "Vietnam and the Pacific Rim Strategy," *Leviathan*, June 1969, p. 7.
4. For discussion, see: T B. Millar, "The Indian and Pacific Ocean: Some Strategic Considerations," *Adelphi Papers*, no. 57 (May 1969); and, U.S. Congress, House, Committee on Foreign Affairs, *The Indian Ocean: Political and Strategic Future, Hearings*, 92d Cong., 1st Sess , 1971.
5. Rocco M. Paone, "The Soviet Threat in the Indian Ocean," *Military Review*, December 1970, p. 49.
6. Thomas H. Moorer, *U S. Military Posture, Fiscal Year 1975* (Washington: U.S. Department of Defense, 1974), p. 49.
7. For further discussion on the function of these bases, see: Klare, *War Without End*, pp. 352-59
8. *The New York Times*, May 9, 1974.
9. *The Washington Post*, November 27, 1969, and *The New York Times*, June 26, 1974.
10. Moorer, *U S. Military Posture FY75*, p. 48.
11. See: Nagano Yoshiko, "The U.S.S Midway's Homeporting at Yokosuka," *AMPO*, no. 18 (Autumn 1973), pp. 3-8.

12. See: "Okinawa: Keystone of the Pacific," *Le Monde, Weekly* Selection, June 25, 1969.

13. *The New York Times,* June 26, 1974.

14. "U.S. Strategy for Staying No. 1 Power in Asia," Interview with Adm. Noel Gayler, *U.S. News and World Report,* March 25, 1974, p. 44.

15. J. K. Holloway, Jr., "The Post-Vietnam Navy," *U.S. Naval Institute Proceedings,* August 1972, pp. 56-57.

16 Ibid., p. 57.

17. James R. Schlesinger, "Strategic Leverage from Aid and Trade," in David M Abshire and Richard V. Allen, eds., *National Security* (New York. Praeger, 1963), p. 687.

18. Ibid., pp. 692-93

19. Ibid , pp. 693-94.

20. Ibid., p. 695.

21 Ibid., p. 701.

22. Holloway, "Post-Vietnam Navy," p. 57.

23 For discussion, see· John Dower, "The Superdomino in Postwar Asia Japan in and out of the Pentagon Papers," in *The Pentagon Papers,* Senator Gravel edition, Noam Chomsky and Howard Zinn, eds., vol. 5 (Boston. Beacon, 1972), pp. 101-42

24. *The Pentagon Papers,* Gravel ed., vol. I, p. 450.

25. Ibid., vol. I, p. 597.

26. Richard M. Nixon, "Asia After Vietnam," *Foreign Affairs,* October 1967, p. 120

27. *The New York Times,* July 8, 1971.

28. *The Washington Post,* June 13, 1972.

29. *The New York Times,* November 25, 1973.

30. For background data and discussion see: Jon Halliday and Gavan McCormack, *Japanese Imperialism Today* (New York. Monthly • Review Press, 1973), pp. 17-76, 135-64.

31. Ibid , pp 84-5 See also: Herbert Bix, "Report on Japan, 1972," *Bulletin of Concerned Asian Scholars,* vol. IV (Summer 1972), pp. 2-3, and, "The Evolution of Japan's Defense Plans," *The Japan Interpreter,* vol 8 (Spring 1973), pp. 214-18.

32 Bix, "Report on Japan," p. 25.

33. The full text of the Communique is reprinted in Halliday and McCormack, pp. 241-44.

34. Halliday and McCormack, pp. 94-95, 102. See also: Fujii Haruo, "Offensive Strategy of 'Defensive Defense,' " *AMPO,* no. 12 (March 1972), pp. 25-27.

35. Halliday and McCormack, pp 98-101. See also: Herbert Bix, "Regional Integration. Japan and South Korea in America's Asian Policy," *Bulletin of Concerned Asian Scholars,* November 1973, pp. 28-29, and, Fujii, "Offensive Strategy," pp 24-25.

36. "U.S. Strategy for Staying No. 1," p. 44.

37. Jim Stentzel, "U.S.S. Midway to Japan," *Pacific News Service,* 1973.

38. Elmo R. Zumwalt, Jr , "FY 1973 Military Posture and Budget of the U.S. Navy," Statement Before the Senate Armed Services Committee, U.S. Department of Defense press release, February 1972, p. 20.

39. *The New York Times,* June 24, 1974

40. "Oil and Gas Map," *Petroleum News Southeast Asia,* April, 1974.

41. *The New York Times,* June 24, 1974 For further discussion, see: Yamakawa Akio, "Petroleum and Political Vision: Coming to the Crunch," *AMPO* vol. 6, no. 1 (Winter 1974), pp. 3-12; and, Halliday and McCormack, pp. 210-24.

42. *The New York Times,* March 26 and 27, 1973, and April 1, 1974.

43. *The New York Times,* June 26, 1974. For background on Thai counterinsurgency, see. *The Christian Science Monitor,* July 23, 1969, October 9, 1971, and February 18, 1972. See also Klare, *War Without End,* pp. 226-36.

44. *The New York Times,* January 21, 1973; and *Far Eastern Economic Review,* March 5, 1973.

45. *The New York Times,* June 17, 1973.

46. *The New York Times,* Oct 17 and 30, 1973, *San Francisco Examiner,* July 14, 1974.

47 *The New York Times,* June 16, 1974. See also: Dick Engle and Nancy Strohl, "Midway Crew Revolts in Japan," *New Asia News,* June 21, 1974.

48. For discussion, see: Michael T. Klare, "Can the Army Survive VOLAR?," *Commonweal,* January 18, 1974 pp 384-9.

The China Quarterly

Articles to be published soon include

Chinese Demand for Southeast Asian Rubber 1949-72	*John Wong*
Science Policy Shifts, Organizational Change and China's Development	*Richard P. Suttmeier*
China's Relations with Pakistan: Durability amidst Discontinuity	*William J. Barnds*
The Origins of Rectification: Inner Party Purges and Edcuation before Liberation	*Frederick C. Teiwes*
Notes on Chinese Higher Education	*Jan S. Prybylla*

Editorial Office:
Malet Street
London WC1E 7Hp

Subscriptions:
Victoria Hall
East Greenwich
London SE 10 ORF

Subscription Rates: £4.00 or U.S. $10.00 a year
For full-time students £2.00 or U.S. $5.00 a year
Individual copies· £1.00 or U.S. $2.50
Increasing by 50% on 1 June 1975

American Global Enterprise and Asia

by Mark Selden

The men who run the global corporations are the first in history with the organization, technology, money and ideology to make a credible try at managing the world as an integrated unit.

Richard Barnet & Ronald Muller,
Global Reach, p. 17

The globe-trotting executive has replaced the B-52 and the Green Beret as the primary symbol of American overseas expansion and the literature on the global corporation proliferates in stride with its global sweep. Yet despite the growing storm of controversy, the significance of global enterprise for contemporary United States capitalism, and particularly the role of Asia in the emerging international economic division of labor, remains shrouded in obscurity. This essay is an attempt to provide a framework to assess the significance of global enterprise in the context of the U.S. economy and to explore its development, scope and impact in Asia. The focus of this analysis is on banking and oil as the two most powerful and concentrated sectors of monopoly power in the domestic and global economies, as well as the center of economic sway of the Rockefellers, the single most powerful interest group of contemporary capitalism.

I. Global Enterprise, Concentration and the American Economy

We live in an age of global enterprise—more precisely global monopoly—in which a small number of U.S. banks and corporations have expanded their sphere of operations from a national to a global plane. "The United States, whose currency has served as international money for both central bankers and private institutions," economist Frank Mastrapasqua has observed, "has truly become banker to the world."[1] The American international oil majors, which in 1975 held five of the top seven positions in *Fortune*'s list of leading industrials, maintain global drilling, marketing, and refining operations on an unprecedented scale. Rounding out the leading ranks of the oil-industrial complex which dominates the American industrial economy, General Motors, Ford and Chrysler manufacture, assemble and sell motor vehicles in more than 100 countries. Their counterparts in aluminum, computers, electrical equipment, chemicals and other key industries likewise position themselves at the commanding heights of the world economy. By 1970, 3,350 American firms controlled more than 15,000 subsidiaries abroad and their numbers are growing steadily.[2] Only a fraction of these, however, are global enterprises.

Global enterprises are those giant capitalist firms whose business horizons and mode of operation are truly international. Many buy, sell, manufacture, secure resources and finance operations in dozens of countries on six continents. They not only view the world as a single unit but deploy the administrative and financial power to implement this vision. (That vision and practice increasingly embrace the socialist nations as potential markets and areas of stable investment.) Popular understanding to the contrary, the American global enterprise is "multinational" neither in ownership nor at the top echelons of management. A recent survey of 1,029 executives of leading U.S. global corporations, for example, found just 19 foreign citizens.[3] With ownership of U.S. global enterprises concentrated in American hands, profits flow in a steady stream from abroad back to the United States. In this sense, and in their attempts to bend American state power in their behalf, these global firms are as American as General Motors and General Westmoreland. The very firms, in short, which dominate the U.S. domestic economy have become global enterprises.

In 1975 Exxon swept past General Motors to become the largest industrial corporation in the world. "The facts," Exxon President Randall Meyer told a Florida State University audience, "are that the United States neither is, nor is becoming a 'big business' economy . . . today's corporation is responsive to social goals because it is managed for the long run . . . The lingering presumption of great and unbridled power exercised by corporate management rests on out-of-date concepts."[4] Is President Meyer correct in heralding the emergence of a "pluralist economy" in which large and small firms amicably co-exist to serve the American people? Let's look at the facts. Between 1950 and 1971 the 200 leading U.S. corporations increased their control of all U.S. manufacturing assets from 46 to 87 percent. By 1971 the assets of the top 100 equaled those of the other 194,000 corporations.[5] Altogether, 187 firms classified as "multinational" by an influential Harvard Business School study account for three-fourths of U.S. foreign direct manufacturing (including oil) investment. The same firms control 84 percent of domestic motor vehicle sales, 76 percent of fabricated metals, 68 percent of oil refining, 59 percent of chemicals, and many other vital sectors of the U.S. economy.[6]

The international stakes of U.S. enterprises in many cases outweigh even the vast domestic market of the United States. Analysis of the leading American global enterprises

underlines the importance of the international sector to overall growth and profit patterns of the largest firms. In 1970 the top 11 U.S. firms in terms of overseas sales included the 10 largest U.S. industrial corporations and the same pattern exists among global banks. For many of these firms, international sales and profits account for 40 to 50 percent of the total. And in the case of Exxon, Citicorp, IBM, Mobil, Uniroyal, Honeywell, Coca Cola and a growing number of other large firms, foreign profits have surpassed domestic profits.

Global enterprise is not an exclusively American phenomenon. But just as the United States has dominated all major sectors of the international economy since World War II—for example, just 6 percent of all foreign direct investment was American in 1914, 59 percent in 1960, and 60 percent in 1971—the vast majority and by far the most powerful global enterprises are American.[7] Among the 211 global firms whose sales exceeded $1 billion in 1971, 127 were American, followed by 18 from West Germany, 16 from Japan, 15 from the United Kingdom and 13 from France. At the top of the pyramid, all but six of the 21 manufacturers with 1971 sales exceeding $4 billion were U.S. firms. Not only are the great majority of global enterprises American, but the American lead is most pronounced in the largest and most powerful firms.[8]

Global Enterprise and the U.S. Economy

Given the overriding importance of the international market to a number of global enterprises, how important is it for the U.S. economy as a whole? By the 1970s, the foreign profits of all U.S. corporations accounted for 20 to 25 percent of total profits.[9] Throughout the sixties the growth rate of foreign investment substantially outstripped that of domestic investment as the book value of foreign investment climbed from $31.865 billion in 1960 to $107.268 billion in 1973 and the rate of foreign earnings rose still more steeply.[10]

By 1970 more than 25 percent of all employees of U.S. firms were outside the territory of the United States. The bulk of the investment was in Canada and Europe, but the *most rapid growth* (8 percent per year for the decade of the sixties) centered in the Third World. And whereas in 1957 U.S. firms invested nine cents for new plant and equipment abroad for every dollar invested in the U.S., by 1971 they were investing 25 cents abroad for every dollar invested at home.[11] The international sector has not yet overshadowed the domestic economy, but since the 1960s it has emerged as an ever weightier and more dynamic growth sector, particularly among the giant firms which have transformed themselves into global enterprises. Most important, the globalization of the American economy—and the Americanization of the world capitalist economy—increasingly nullifies whatever distinction between them existed earlier.

This trend toward internationalization is accentuated by rising U.S. raw material dependence. In 1951 Nelson Rockefeller underlined the crucial role of Third World investment to the United States in terms of securing raw materials and opening potential export markets for U.S. products.

> *... 73 percent of our needs for strategic and critical materials come from the underdeveloped areas. Thus we find that our domestic economic strength today depends to an important degree on the underdeveloped areas.*

In a classic statement of the colonial division of labor,

Table 1. U.S. Global Manufacturing Enterprises Ranked by Foreign Sales, 1970

	Ranking in Fortune Directory of Leading U.S. Industrial Corporations	*Net Sales ($million)*	*Foreign Sales ($million)*	*Foreign Sales as a Percent of Total Sales*	*Total Net Income ($million)*	*Percent of Income from Foreign Sources*
1. Standard Oil, N.J. (Exxon)	2	$16,554	$8,277	50	$1,310	52
2. Ford Motor	3	14,980	3,900*	26	516	24*
3. General Motors	1	18,752	3,563*	19	609	19*
4. Mobil Oil	6	7,261	3,267	45	483	51
5. International Business Machines	5	7,504	2,933	39	1,018	50
6. International Telephone & Telegraph	8	6,365	2,673*	42	353	35*
7. Texaco	9	6,350	2,540	40	822	n.a.
8. Gulf Oil	11	5,396	2,428	45	550	21
9. Standard Oil of California	14	4,188	1,885	45	455	46
10. Chrysler	7	7,000	1,700*	24	-8	n.a.
11. General Electric	4	8,727	1,393	16	329	20

* Excludes Canada

Sources U.S. Senate, Hearings of the Sub-Committee on International Trade, Committee on Finance, The Multinational Corporation *(Washington, D C. 1973), p. 410 Rankings for 1970 are given in* Fortune, *May 1971, pp. 172-87.*

Rockefeller concluded that

the one area of the free world we can look to is the underdeveloped areas of the world for markets. If they are increasing their production of raw materials their income will go up, their buying capacity will go up and our trade with them will go up.[12]

Since 1951 U.S. resource independence has dwindled, especially in such crucial areas as iron, zinc, lead and oil.[13] It is oil which reveals most graphically the significance of the changing pattern. From its position as the leading oil exporter prior to World War II, by 1960 the U.S. imported 16 percent of its oil and this figure rose to 24 percent in 1971 and 35 percent in 1973.[14] However, in spite of this, and thus far in spite of the challenge of the producing nations to wrest control of their oil from the international majors, the U.S. still maintains a strong (if precarious) position in the global political economy of oil. U.S. global corporations control substantial parts not only of the oil but of most strategic resources imported into the U.S. and sold in international markets. This provides a major lever of control over Europe and Japan, the major capitalist nations and potential rivals whose dependence on raw materials imports is far greater than that of the United States. Yet even as U.S.-based international oil companies expand their control over the world's energy resources and reap record profits in the wake of skyrocketing oil prices, they face an increasingly clouded future. The global challenge to American state power coincides with challenges to the monopoly position and irresponsibility of big oil and other global enterprises. The common efforts by oil producing countries as well as those by European, Japanese and Third World consumer nations to break the grip of the oil majors by concluding direct deals will provide the ultimate test of their power in coming decades.

The Global Banks

Control over resources and manufacturing does not begin to exhaust the full panoply of U.S. global interests which extend to trade, shipping, agriculture and finance. Leverage over capital, financial institutions and markets is central. At the end of 1971 the Senate Sub-Committee on International Trade estimated that U.S. interests controlled 64 percent of $269 billion in short-term assets in international money markets. Foreign affiliates of U.S. corporations controlled $110 billion, while foreign branches of U.S. banks held $61 billion, with the great majority of this in the hands of half a dozen New York banks. By December 1973 U.S. banks doubled their overseas assets and controlled $122 billion, a sum larger than the book value of all U.S. direct investment abroad.[15] It is not the size of these assets that is crucial but rather, the interlocking pattern of corporate and financial capital which gives U.S. power its unique character in the global political economy.

American banking is at the center of the new phase in the development of a global economy. Nine of the top ten U.S. companies in terms of assets are global banks.[16] The domestic pattern of financial concentration and corporate-bank interlock through stockholding, interlocking directorates, and spiraling corporate debt has been extended to an international plane.

As early as 1918, U.S. banks had established 61 overseas branches, nearly all of them in Europe and Latin America. But the great international surge came in the decade of the 1960s. The number of overseas branches quadrupled from 124 in 1960 to 536 by 1970, including 79 in the Far East. By 1972 one bank, First National City (now Citicorp), had 293 overseas branches in 60 countries (as late as 1967 the total of overseas branches for *all* U.S. banks was 298). Bank of America followed with 101 branches and Chase Manhattan had 95.[17]

The surge of overseas branching has accentuated a pattern of concentration in American banking. In 1970 the 50 largest of the 13,000 U.S. banks held 48 percent of all domestic assets. In 1971 the 12 largest U.S. global banks held 83 percent of all foreign assets held by U.S. banks. Just four New York banks–Chase Manhattan, First National City, Chemical and Manufacturers Hanover–all but the latter constituent parts of the Rockefeller group, held 38 percent of total foreign assets of U.S. banks.[18]

1974 figures point up the importance of foreign holdings to the major banks. Citicorp led the way with a full 62 percent of its $313 million in operating income derived from foreign operations. With the exception of Bank of America, all the leaders are Wall Street banks, and in most cases foreign operations now account for close to 50 percent of their profits.

Table 2. Leading U.S. Banks: Net Operating Income and Foreign Income 1974

Seven Biggest U.S. Banks	*Net Operating Income*	*Percent of Income Foreign Operations*
Bank of America	$257 million	39
Citicorp	313 million	62
Chase Manhattan	182 million	49
Manufacturers Hanover	127 million	46
Morgan Guaranty	180 million	45
Chemical New York	91 million	33
Bankers Trust	71 million	52

Source: Business Week, *April 21, 1975, p. 99, based on data provided by Salomon Brothers.*

Foreign assets have grown in significance at a time when the international and U.S. banking structures are under severe tension. As late as 1960 the foreign deposits of the nine leading New York global banks amounted to only 9 percent of their domestic deposits. But by 1972, these deposits had increased more than 16 times and equaled 66 percent of their domestic deposits.[19] From the late sixties we can see the "convergence of United States multinational corporations and multinational banks into an integrated U.S. economy 'in exile.' "[20]

Global Banks and Global Corporations: Interlocks and Control

Analysts differ sharply over interpretation of the data, but none question the fact that during the 1960s the leading global banks gained more power in the corporate economy. A

small number of Wall Street banks—what I call the central financial complex—have become the major stockholders controlling the industrial, petroleum, transportation, and trading firms and utilities at the pinnacle of American economic life. The 1968 report of the House Committee on Banking and Currency, for example, disclosed that the 49 leading trust banks held separate holdings of 5 percent or more of the stock of 5,270 portfolio companies, many of them corporate giants.[21] Morgan Guaranty alone, at the end of 1971 had 66 different stock holdings each of whose market value exceeded $50 million.[22] In 1971, bank trust departments held $343 billion in assets. Led by Morgan Guaranty with $22 billion, the top six, all of them New York banks, controlled $88 billion.[23]

The extent of concentrated bank control over the corporate economy, particularly over the major global enterprises, is revealed in 1972 data assembled by the Senate Committee on Government Operations. The report is a major, if incomplete, breakthrough revealing the pattern of ownership and control of the corporate economy. Eighty-nine leading firms in all sectors of the U.S. economy (out of 324 queried) provided detailed information indicating the identity and holdings of their 30 leading shareholders. Twenty-four firms—21 of them banks—each held a minimum of 2 percent of voting stock in three or more of these 89 leading corporations. Chase Manhattan Bank, the bastion of Rockefeller financial power today as it has been for half a century, held 2 percent or more of the stock in 46 of these 89 companies, including two oil companies, five airlines, eight railroads, six electric or gas utilities, and two banks. Moreover, Chase Manhattan was the single largest stockholder in 20 of the 120 major corporations which provided this information. The twenty included four airlines (United, American, Northwest and National), three railroads (Burlington & Northern, Southern, and Seaboard Coast), in addition to such giants as AT&T, General Electric, RCA, Litton, Monsanto, and Atlantic Richfield.[24]

Here we see two aspects of the process of concentration centered in the New York global banks. First, collusion in oligopoly-dominated industries such as airlines and railroads is inevitably increased as a result of the fact that a single firm, in this case Chase Manhattan, controls a substantial part of the stock. (Other factors, particularly interlocking directorates and financial dependence, reinforce this pattern.) Moreover, concentration of stockholding in a small number of banks permits formal vertical integration Thus, for example, in 1968 Chase Manhattan was the largest stockholder in United Aircraft whose engines were used in Boeing planes which are bought in turn by Pan American, TWA, Eastern, Northwest and Western Airlines, all of them firms in which Chase Manhattan is the leading shareholder. And this excludes the bank's interest in Standard Oil of New Jersey, Mobil and other major oil companies which derive a substantial portion of their revenue from purchases by the airlines.[25]

If stock ownership of the corporate economy is concentrated in the hands of a small number of Wall Street banks, centralization of power does not end there. At the very center of the New York banking establishment is a seamless web of interconnections. The extraordinary fact is that the global banks have bought heavily into one another. That is, the core members of the central financial complex own one another. Typically, in 1972 five of the top six shareholders of First National City, with a total of 13 percent of the stock, were among the seven largest New York banks.[26]

Another striking feature of the emerging economic landscape is the steep rise in corporate indebtedness to banks. This trend developed during the sixties. Beginning in 1971, however, short-term borrowing by non-financial corporations shot up from an annual rate of approximately $5 billion to more than $40 billion by June 1974. This pattern of reliance on external financing through the banks is characteristic of the global giants as well as of smaller firms.[27] More significant than the absolute amounts is the fact that in the '70s, corporations have accumulated debts substantially greater than the value of their stocks. Long-term debt as a percent of stock value rose from 70 percent in 1950 to 110 percent in 1960 to 181 percent in 1970. Thus by 1970 U.S. corporations had nearly $2 of long-term debt for every dollar of equity.[28] The result is that creditors, mainly the leading banks, wield greater influence over corporate decisions.

The short-term debt of non-financial corporations was 16 percent of the gross national product in 1960. By the first half of 1974 it had passed 30 percent and continues to outstrip the rate of increase of GNP.[29] The resultant race to acquire loan capital has spurred inflation and instability in both the U.S. and international economies since debt has leaped dangerously far ahead of production. This instability is compounded, however, by the pattern of lending and debt of the banks themselves as profit making and profit seeking institutions. At the end of 1974 the large global banks in New York had made loans amounting to 84 percent of their total deposits (up from 60 percent in 1960 and 39 percent in 1950); this could only be accomplished by feverish short-term borrowing by the global banks amounting to $50 billion by 1974.[30] In short, in 1975 the global economy is a precarious edifice resting on massive and accelerating debt. The collapse of New York City finances and the decaying tenements of Harlem just a subway ride from Wall Street provide grim reminders of the vulnerability of a system whose locus of power remains the central financial complex.

A small number of Wall Street banks have emerged as the leading stockholders in many of the most powerful industrial corporations; their power has been reinforced by interlocking directorships and rising corporate indebtedness. The result, in combination with the flurry of corporate and bank mergers since the late 1960s, has been the concentration of unprecedented economic power headquartered in New York and radiating throughout the domestic and international economies. Oligopoly has been carried to new heights of superconcentration. As Joyce Kolko observes, the result is not stability but conflict and instability on both the domestic and international plane.

> *The competitive aspects of world capitalism intensify demonstrably with the trend toward the concentration of capital. . . . One cannot define the collective interests of American corporations abroad as if they represented a monolith, for the struggle between them is too intense. . . . Ultimately, the real significance of the multinational corporations is not only their immense concentration of wealth and power but their destabilizing role in the capitalist economy.*[31]

The Rockefeller Group

At the very center of this financial-economic web are the same Morgan and Rockefeller interests—once bitterly competitive, now deeply intertwined—which have dominated American capitalism for more than half a century. The Rockefellers and their associates constitute the most powerful group at the heart of the New York financial industrial nexus. Financial power of the group is centered in its four major banks, Chase Manhattan (ranked second in assets), First National City (third), Chemical (sixth), and First National of Chicago (tenth), and three life insurance companies, Metropolitan (second in assets), Equitable (third) and New York Life (fourth).[32]

The extension of Rockefeller power outward from this financial base may be briefly illustrated by the pattern of oil-banking interlocks centering on a single bank. Chase Manhattan's $16.6 billion trust portfolio includes substantial investment in the four major pillars of the original Rockefeller oil empire: Exxon (second largest holding), Mobil (third), California Standard (seventh), and Indiana Standard (tenth).[33] The boards of directors of the Chase Manhattan and Chemical Bank further illustrate the banking-oil interlocks which undergird the patterns of concentration and oligopoly in the two most powerful sectors of the U.S. economy. As of 1974 four leading oil men sat on Chase Manhattan's 25-member board of directors and a fifth was a member of the advisory board: the chairmen of Exxon and Indiana Standard and directors of Mobil, Continental and Atlantic Richfield. And four of the 22 directors and five advisors of the Chemical Bank are oil men, including two each for Mobil and Getty, one from Exxon, Texaco, Shell, Cities Service and Amerada Hess. It is a short distance from the central financial complex to control of big oil.

Global Enterprise and the U.S. Government

In important respects economist Charles Kindleberger is correct in pointing out that "The international corporation has no country to which it owes more loyalty than any other."[34] The profit-oriented strategies pursued by American global enterprises frequently undermine larger national interests—as in their rush to sell dollars during the 1971 dollar crisis—as well as those of American workers facing large-scale job loss at the hands of the runaway factory. Yet paradoxically, it has never been truer that the primary business of the U.S. Government abroad is business. In daily operations smoothing the path for the advance of American firms and in providing the crisis services of the military and CIA, the U.S. Government plays a crucial role. The CIA subversion of the Allende government in Chile and its financing and training of Vang Pao's secret mercenary army in Laos provide two of many examples of this murderous symbiosis.[35]

On a more routine level, the CIA provides regular security checks for prospective employees of the Rockefeller-owned Creole Oil Company of Venezuela.[36] The U.S. Government offers policy training services not only to its Third World client governments but also to employees of Aramco Oil in Saudi Arabia, Firestone Tire in Iran and Creole Petroleum.[37]

The global enterprises in their turn provide the key officials at the helm of government: secretaries of State, Defense and the Treasury, CIA directors, members of the National Security Council, vice presidents and presidents. Despite their rhetorical assaults on the nation state, the global enterprises continue to demand and are often in a position to guarantee that American state power serves corporate ends at home and abroad.[38]

The preceding analysis has shown that the global enterprise as the pinnacle of contemporary capitalism has set the dominant course in U.S. economic life toward concentrated economic-financial power and global expansion. But what of Asia? What place does Asia hold in the international thrust of U.S. enterprise?

II. American Global Enterprise and the Remaking of Asia

Although U.S. policymakers and internationally oriented business leaders have long stressed the primacy of Europe, the Asian operations of American firms have a history dating back to 1786 when the firm of Shaw and Randall (initiated, typically, by the U.S. Consul, Major Samuel Shaw) opened its offices in Canton. As Americans positioned themselves to secure a share of the most hotly contested prize in the Orient, the China market, they were quick to establish beachheads across the Pacific, beginning in 1787 with the Sandwich

Bulletin of Concerned Asian Scholars 英文 年4冊
1年 3,600円 <送料共>
アメリカの新鋭アジア研究者による編集発行

専門取扱店

内 山 書 店

東京都千代田区神田神保町 1－15

BEFORE YOU MOVE –
LET
US
KNOW!

attach address label

New Address..
City..State.............

Islands and fanning out toward Asia.[39]

In Asia, from the early twentieth century, the U.S. direct investment stake centered in the Philippines where book values rose from less than $100 million in 1914 to $381 million in 1929, a figure not exceeded until the mid-1950s. Prior to World War II in most other Asian nations colonial strictures blocked the advance of U.S. investors. Not until the 1960s did U.S. investment in the region swing into high gear. Between 1959 and 1973 U.S. investment in East Asia increased more than 600 percent to pass the $6.6 billion mark.

The Entry of Oil, Banking and Manufacturing Interests in Asia

Throughout the twentieth century oil has dominated the U.S. investment profile in the Far East, with companies from John D. Rockefeller's original Standard Oil trust leading the way. As early as 1905 Standard Oil of New York, long the dominant power in the Chinese market, reported Asian assets of $18 million.[40] Following sharp confrontation with the Nationalist government in China in the mid-twenties in which Standard called (unsuccessfully) for U.S. naval support to block Chinese imposition of new taxes, investment in Asian oil distribution grew steadily.[41] By 1929 the book value of U.S. petroleum investment had reached $42.8 million in China (the largest stake in Asia and Africa), $10.4 million in the Philippines, $35-40 million in the Netherlands East Indies and $8.1 million in Japan, overshadowing all other sectors of the total $381 million invested in the Far East.[42]

While most other investments declined sharply in the depression and war years following the crash of 1929, major oil companies, stimulated by the oil cartel's 1928 Achnacarry Accords which formally divided the world into spheres of influence, continued their advance into Asia. During the 1930s, Standard Oil of New Jersey joined with Standard-Vacuum (Mobil) to form the Standard-Vacuum Oil Company (Stanvac) to produce, refine and market throughout Asia, Africa and Oceania. It was soon joined by another major American combination, Caltex (Standard Oil of California and Texaco) with operations in the Middle East, the Far East and Africa. During the thirties Stanvac and Caltex launched their first major production operations in Asia in Indonesia.[43]

Thus, well before the Second World War, the American oil giants vied successfully against their major European competitor, Shell, for control of a lucrative East Asian market whose major growth potential became manifest in the 1960s. In the 1970s oil continued at the center of the U.S. investment profile in Asia, providing a powerful economic argument for

Table 3. U.S. Direct Foreign Investments in Asia,[b] 1914-73 by Sector

(Estimated Book Value in $million)

		Total	*Manufactures*	*Petroleum*	*Trade*	*Mining and Smelting*	*Agriculture*	*Public Utilities*
	1914	120	10	40	15	3	12	16
	1929	446	77	151	34	10	63	65
Far East[c]	**1929**	**381**						
	1940	422	58	177	49	8	63	50
	1950	1,001	60	780	50	20	a	50
Far East[c]	**1950**	**309**	**59**	**103**	**46**	**11**	**34**	**51**
	1960	2,480	290	1,660	140	20	a	100
Far East[c]	**1959**	**1,028**	**225**	**492**	**107**	**20**	a	**92**
	1970	5,560	520	3,020	460	90	a	140
	1973	9,318	2,648	4,958	a	204	a	a
Far East[c]	**1973**	**6,636**	**2,518**	**2,581**	a	**199**	a	a
Underdeveloped Far East[d]	*1973*	*3,913*	*1,098*	*1,654*				

Notes:
Figures in plain Roman type are for Asia *including* the Middle East and Japan.
a. Figures not available. Investment in these areas included in totals.
b. Includes Middle East
c. Asia *excluding* the Middle East. Until recently, Commerce Department statistics provided information only for Asia as a whole, including the Middle East.
d. *Excludes* Japan.

Sources: Survey of Current Business, *Part II, August 1974, pp 18-19: Samuel Pizer and Frederick Cutler,* U.S. Business Investment in Foreign Countries *(Washington, 1960), pp. 89-92, Mira Wilkins,* The Maturing of Multinational Enterprise, *pp. 30, 58, 182, 330.*

the pursuit of victory in Indochina and a major lever for U.S. control of Japan.

American banking and financial interests also entered early on the Asian scene. Again, Rockefeller enterprises were important from the start. The acquisition of the American-financed International Banking Corporation in 1915 gave the National City Bank access to 17 international outlets including branches in China, Japan, the Philippines, and Malaya. IBC provided the foundation for an expanded thrust into Asia and reflected the buoyant situation of American capital after World War I. By 1920, 12 more U.S. banks had established 181 foreign offices.[44]

Table 4. Branches of U.S. Banks Abroad and in the Far East

	1918	1939	1950	1955	1960	1965	1970
Far East							
Branches	b	18	19	20	23	50	79
Countries	b	6	7	6	8	12[a]	12[a]
World Totals							
Branches	61	89	95	111	124	211	536
Countries	16	22	24	26	33	55[a]	55[a]

a. The figure is based on 1967 data.
b. Figure unknown.

Sources: Federal Reserve Bulletin, *October, 1972; Harry Magdoff,* The Age of Imperialism, *pp. 74-75; Mira Wilkins,* The Maturing of Multinational Enterprise, *p. 394.*

U.S. banking activity expanded erratically throughout Asia in the decades following World War I. It was not until the aftermath of World War II, when the dollar replaced sterling as the primary international currency, that Asia was effectively incorporated in the U.S. economic realm. Indeed, with the exception of the Philippines, where National City Bank dominated the financial scene from the early fifties, it was only in the 1960s that U.S. banks penetrated deeply into Asia.

In the 1960s U.S. manufacturing investment in Asia for the first time began to rival the stakes (though not the concentrated power) in petroleum. American manufacturing abroad has always centered overwhelmingly in the developed countries of Europe and in Canada. In Asia, Japan served as the primary focus of activity. Yet many of the industrial giants of the U.S. economy had at least established footholds in other Asian countries as early as the 1920s. For example, General Electric, Western Electric (a subsidiary of AT&T), and ITT owned manufacturing plants in Japan and China, RCA in Japan and India, and Ford (an assembly plant) in Japan. In 1929, at least 16 major U.S. industrials with both supply and marketing operations abroad had established one or more Asian operation.

Yet relatively few U.S. corporations established industrial operations in the region and their impact on Asian industrialization during the prewar period was virtually nil. The international division of labor of the era dictated that the primary flow of foreign investment to Asia would be

Table 5. Asian Operations of U.S. Firms With Both Supply and Marketing Operations Abroad, 1929

Firm	*Country*
Anderson, Clayton (cotton)	China, Japan
Bethlehem Steel	Japan, Philippines
Corn Products	Korea
DuPont	China, Japan
Ford	Japan
General Foods	Philippines
Goodyear	
Guggenheim (mining)	Malaya
International Harvester	Philippines
Singer	
Standard Oil of New Jersey	Dutch East Indies
Standard Oil of New York	China
Texas Oil	Philippines
Union Carbide	India
U.S. Rubber	
U.S. Steel	

Source. Mira Wilkins, The Maturing of Multinational Enterprise, *pp. 67-74, 143-45.*

channeled into petroleum, mining, agriculture and public utilities, thereby perpetuating the pattern of import dependence for manufactures from the industrial powers.

Asia in the Global Strategy of Postwar America

In 1939 at least 30 of the 187 leading U.S. global manufacturing firms had subsidiaries in Asia, including 10 in Japan, 12 in India and 14 in the Philippines.[45] During the 1950s, among these 187 firms, the number with Asian subsidiaries doubled from 50 to 103. By 1965, as U.S. troops moved en masse into Vietnam, 153 of the 187 enterprises had subsidiaries in one or more Asian country including 111 in Japan and 60 in the Philippines.[46] While many of these investments were small and exploratory on the eve of the Vietnam War, virtually all major internationally-oriented firms had direct investment stakes in Asia. Some, as in the case of the oil companies and banks, were already substantial. Moreover, the area boasted rich resources and the industrial might of Japan, whose economic growth and subordination within the U.S. sphere became the cornerstone of U.S. Asian policy from the Truman administration to the Kissinger era. The corresponding strategic vision formulated in the service of U.S. global enterprise in Asia came to be known as the domino theory. A 1952 National Security Council memorandum gave authoritative expression to its economic dimension within an overall strategic framework:

Southeast Asia, especially Malaya and Indonesia, is the principal world source of natural rubber and tin, and a producer of petroleum and other strategically important commodities. The rice exports of Burma and Thailand are critically important ... The loss of Southeast Asia, especially of Malaya and Indonesia, could result in such

economic and political pressures on Japan as to make it extremely difficult to prevent Japan's eventual accommodation to Communism.[47]

This policy had its roots in the late '40s when the U.S. set about creating a U.S.-Japan-Southeast Asia economic nexus to provide Japan with raw materials and markets, to divert pressures in a Japan anxious to resume economic relations with China, and to bolster politically vulnerable regimes in Southeast Asia through expanded trade and aid. Southeast Asia was to provide a major market for Japanese manufactures while the entire region was progressively integrated within the U.S. economic and political realm.[48] Not until the mid-sixties, as U.S. firms sought new market areas and a resurgent Japan risen from the ruins of World War II prepared to expand internationally, did Southeast Asia develop as a major growth area for global enterprises.

Global Enterprise in the Pacific Basin: Patterns of Trade and Debt

In the mid-sixties, as Japan re-emerged as a major economic power, international business interests on both sides of the Pacific began framing the concept and supporting institutions for development of the Pacific Basin or Asia-Pacific region as a cohesive trade and investment sphere.[49] These governmental and private institutions included the Asian Development Bank, Private Investment Company for Asia (PICA), Pacific Basin Economic Council (PBEC), and Association of Southeast Asian Nations (ASEAN). The increasing flow of American and Japanese capital into the Pacific Basin, a region which includes North America, East and Southeast Asia and Oceania, coincided with and was stimulated by the business boom generated by the battle for Indochina. In January 1974, U.S. Deputy Secretary of State Kenneth Rush observed that "Our trade with Asia now equals 85 percent of our trade with Western Europe and is growing more rapidly."[50] William Overholt is but one of the many voices forecasting that "In the 1970s and 1980s the Pacific Basin is likely to emerge as the center of world economic dynamism and growth."[51]

Spearheaded by the same global enterprises with major investments in the region, trade has rapidly and steadily increased among the five developed nations of the Pacific Basin—the U.S., Canada, Japan, Australia and New Zealand. Between 1954 and 1971 the percentage of these nations' intra-bloc imports rose from 39 to 50 percent of total imports, while exports increased from 30 to 44 percent. Forty-six percent of all U.S. imports and 35 percent of exports involved these four nations. Among all Pacific Basin nations, by 1971 54 percent of exports and 57 percent of imports were traded within the region.[52]

If the Pacific Basin is a major trade arena for the United States, it dominates almost completely the trade of the underdeveloped Asian nations which it incorporates. In the 1970s Japan has replaced the U.S. as the major trading partner of many Asian nations to dominate the trade pattern of Southeast Asia. Between 1971 and 1973 Japan's annual trade surplus with Southeast Asia ranged from $1 billion to $2.4 billion. With her enormous trade surpluses with the developed nations—$3 billion with the U.S. alone in 1971—Japan may surpass the U.S. as a major investing nation in Asia.[53]

Throughout the sixties the trade dependence of Southeast Asian nations on both the U.S. and Japan rose sharply, particularly in the cases of Indonesia, Malaysia, and Hong Kong, while it remained at extraordinarily high levels for the Philippines, Thailand, Taiwan and South Korea. By 1970, a majority of the exports of South Korea (70 percent), the Philippines (79 percent), and Taiwan (55 percent) went to Japan and the United States, while more than fifty percent of the imports of South Korea (68 percent), the Philippines (57 percent), Thailand (51 percent) and Taiwan (69 percent) came from these two countries. This trade dependency, reinforced by foreign investment and heavy debts, binds Asian economies to the U.S. and Japan.

Table 6. Average Trade Dependency of Asian Nations on Japan and the U.S. (percentages)

	1957-1959		*1969-1971*	
	U.S.	*Japan*	*U.S.*	*Japan*
HONG KONG				
Imports	8.5	15.0	13.0	24.0
Exports	11.5	6.0	35.0	6.0
INDONESIA				
Imports	15.5	13.5	17.0	31.0
Exports	16.0	3.5	13.5	33.0
SOUTH KOREA				
Imports	48.0	10.0	28.0	40.0
Exports	13.0	60.0	48.5	25.0
MALAYSIA				
Imports	3.5	7.0	7.5	17.0
Exports	11.0	11.5	13.0	16.0
PHILIPPINES				
Imports	46.0	15.5	27.0	30.0
Exports	54.0	20.0	41.0	38.0
THAILAND				
Imports	17.0	23.0	16.0	36.5
Exports	21.5	9.0	13.5	24.0
TAIWAN				
Imports	37.5	37.5	23.5	44.0
Exports	6.0	39.0	41.0	14.0

Source: Donald Sherk, "Post-Vietnam Asia," Pacific Community, *V, 2, January 1974, p 245*

Throughout the Third World, large trade deficits have compounded the chronic indebtedness produced by foreign aid. Foreign debts tripled from $21.5 billion in 1961 to $60 billion in 1972 and debt service payments rose by 17 percent per year. By 1975 Third World debts exceeded $80 billion. And debt breeds debt as 75 percent of all new loans are presently used to meet payments which have fallen due on old loans.[54] In the decade of the 1960s, the nations of East and South Asia led all regions in accumulating public debt at a rate of 17 percent per year.[55] The total debts of the seven East Asian nations of Indonesia, Malaysia, the Philippines, Singa-

pore, Thailand, South Korea and Taiwan jumped from $2.1 billion at the end of 1961 to $11.2 billion a decade later. Their annual service payments more than tripled to $731 million.[56]

Table 7. Selected Asian Countries' Outstanding Debts, December 1970

$million

India	$9,200
Pakistan	4,300
Indonesia	3,500
South Korea	2,600
Taiwan	1,000
Philippines	800
Ceylon	500

Source. First National City Bank Newsletter, *October 1972. The subsequent increase has been immense, for example, by mid-1974 Philippine debt had tripled in four years to reach $2,815 million.*

During the sixties the profoundly altered trade of underdeveloped nations of Asia reflected the new pattern of foreign investment. In the four countries specializing in U.S.-owned manufacturing industry-for-export–Singapore, Hong Kong, South Korea and Taiwan–the U.S. became the primary recipient of exports. Meanwhile, the primary raw material suppliers, Indonesia, Thailand, the Philippines and to a lesser degree Malaysia, sharply increased their exports to resource-hungry Japan. Virtually without exception Japan became the major source of imports for the underdeveloped nations of Southeast Asia.

The Japan-Southeast Asia division of labor, like that linking the U.S. and Southeast Asia, is enshrined in their trading relationships. In 1972, 93 percent of Japan's exports to Southeast Asia were finished and semi-finished goods, while 83 percent of her imports from Southeast Asia were raw materials, foodstuffs and energy resources.[57] In this way, in many nations in the region, the colonial-imposed pattern of monoculture or concentration on a few exportable resources–particularly rubber, petroleum, tin and timber–has been reinforced while Southeast Asian resources have fueled Japan's dynamic industrialization and re-emergence as an international economic power.

Investment in Asia Today: The U.S.-Japan Condominium

By the mid-1960s the potential of Asia for foreign investors was clearly realized. As *Business International,* a leading investor's service, announced in a December 1972 publication,

> *Asia/Pacific leads in profit potential . . . Data on the earnings ratios of U.S. firms with direct investments in the Far East . . . show an average annual return of 12.9 percent for 1965-69, compared to worldwide average annual return of 10.7 percent . . . The Far East return [in manufacturing] is 16 3 percent, compared to 9.18 percent for the world as a whole . . . The figures for 1969 show that U.S. investments in the Far East return 17.2 percent (and in Japan 22.2 percent), compared to 12 percent in Europe and 8.6 percent in Canada.*

Business International went on to project real growth rates for the decade 1970 to 1980 at 3 percent in the U.S., 5.7 percent in the European Economic Community and 6.1 percent in the Asia/Pacific region.[58]

It is no wonder therefore that in the 1960s, U.S. direct investment in underdeveloped Asian countries accelerated sharply. By the end of the decade it had nearly tripled, its book value rising from $898 million to $2.5 billion in 1970, an 18 percent annual increment. U.S. direct investment rose at a rate of 11 percent in all underdeveloped countries during the same period.[59] At the end of 1971 U.S. investment in underdeveloped Asia (excluding American oil investments in the Middle East) totaled $3.5 billion. This figure also excludes the largest U.S. investments centered in the developed countries of the Pacific Basin· $1.8 billion in Japan, $3.7 billion in Australia and $24.1 billion in Canada at the end of 1971.[60]

The story of postwar foreign investment in Asia is the progressive advance of U.S. and Japanese capital U.S. investment accelerated coincident with the Indochina War in the sixties to overtake Britain's investment lead, the legacy of

Table 8. U.S. and Japanese Direct Investment in Asia, 1971 and 1973

Book Value in $million

	1971 ('73) U.S.	*1971 ('73) Japan*[b]	*1971 ('73) U.S. & Japan Total*
Ceylon	[a]	2	2
Taiwan	133	85 (121)	218
Hong Kong	340	139 (142)	479
India	329 (351)	12	341
Indonesia	810	241 (705)	1,051
South Korea	277	33 (292)	310
Malaysia	200	50 (144)	250
Singapore	450	33 (127)	483
Pakistan	96	5	101
Philippines	719 (711)	74 (96)	793 (807)
Thailand	135	91 (141)	226
Japan	1,821 (2,733)		1,821 (2,733)
Total	5,310 (6,636)	765 (1,771)	6,075 (8,407)

a. Figure unavailable.
b. Figures in parentheses for Japan are investment totals as of September 1973. Figures in parentheses for the U.S. are totals for December 1973 (preliminary).

Sources Japan. 1971 data is given in Donald Sherk, "Post-Vietnam Asia," Pacific Community, *January 1974, p. 247; 1973 data is from "Japan's Trade with Southeast Asia,"* Oriental Economist, *March 1974, p 16. U.S · 1971 data for Hong Kong, Indonesia, Malaysia, Singapore and Thailand is from Wilford Welch, "The Business Outlook for Southeast Asia,"* Harvard Business Review, *May-June 1973, p. 75. Figures for other countries are taken from Sherk, "Post-Vietnam Asia," p. 247. 1973 data for the U S. is given in August 1974,* Survey of Current Business, *II, p. 18.*

her prewar predominance in plantation and mining investments in her former colonies, India, Pakistan, Malaya and Ceylon. The Philippines, long the leader in U.S. investment in Southeast Asia, yielded in the seventies to Indonesia as a result of large-scale petroleum investment.

The rapid advance of Japanese capital into Southeast Asia in the 1970s has transformed the pattern of investment in the region. It has also precipitated violent anti-Japanese demonstrations based on memories of World War II occupation as well as on the deeper malaise of uneven and unequal economic growth which everywhere has been the legacy to the Third World of foreign investment.

In 1975 Japan is the leading investor in Thailand and South Korea and ranks second in Indonesia, Taiwan and the Philippines. Despite sharp setbacks suffered as a result of the 1973 oil crisis, subsequent spiraling prices of oil, food and raw materials, the impact of world recession, and the decision to further diversify on a world scale, Japanese investment throughout Asia continues to grow.

Does the Japanese challenge lead once again down the path to Japanese-American confrontation as it did in the 1930s or can these interests be accommodated within the larger framework of American economic and strategic supremacy? In the short run the combination of mutual interest (as reflected, for example, in the Nixon Doctrine of shared burdens and agreement on Japanese economic supremacy in South Korea) and American leverage over Japan (U.S. control of oil, resources, food and military power) suggests that despite real conflicts between the powers, common interests will remain predominant. Yet as Japan closes the economic and military gap, as the United States continues its forced military withdrawal from Asia, as economic crisis exacerbates international tensions, and as the struggle for resources and investment opportunities sharpens, tensions both at the level

Table 9. Sales by Majority-Owned Affiliates of U.S. Companies by Country and Industry, 1966-72

(millions of U.S. dollars)

		All Industries	*Petroleum*	*Manufacturing*	*Mining and Smelting*	*Trade*
Japan	1966	2,080	1,163	720	0	173
	1968	2,952	1,534	1,153	0	219
	1970	4,123	1,977	1,756	0	282
	1972	7,630	3,332	3,075	0	863
India	1966	780	b	274	0	b
	1968	731	b	283	0	b
	1970	836	b	360	0	b
	1972	1,094	b	519	0	b
Indonesia	1966	458	453	0	0	b
	1968	578	571	0	c	c
	1970	855	b	c	b	c
	1972	2,100	2,054	b	0	c
Philippines	1966	763	236	336	b	b
	1968	967	b	444	b	167
	1970	1,006	304	411	23	204
	1972	1,264	b		b	b
Other Asia (excluding Japan, India, Indonesia, Philippines)	1966	1,293	b	287	b	b
	1968	1,875	636	615	b	b
	1970	2,668	802	871	b	b
	1972	4,277	1,151	1,064	b	b
Total Asia (excluding Japan)	1966	3,294	1,626	896	b	385
	1968	4,150	1,911	1,342	24	478
	1970	5,365	2.377	1,642	38	718
	1972	8,735	4,135	2,054	77	1,499
Total Asia	1966	5,374	2,779	1,616	b	558
	1968	7,102	3,445	2,495	24	697
	1970	9,488	4,354	3,398	38	1,000
	1972	16,365	7,667	5,029	77	2,232

b = Suppressed to avoid disclosure of data for industrial reporters.
c = Less than $500,000.

Source· Survey of Current Business, *Part II, August 1974, pp. 32-38.*

Note: The data in this table do not include the Middle East.

of individual firms and nations will surely exacerbate.[61]

Strong bonds still unite the U.S. and Japanese economies in condominium in Asia. As data on the sales of U.S. global enterprises in Asia reveals, Japan remains the number one market in the area for U.S. goods. By 1972, with U.S. affiliate sales of more than $7.6 billion, sales in Japan accounted for nearly half those of the entire Asia region. In the short span from 1966 to 1972 those sales increased more than three and a half times. Japan, however, is not the only market in Asia. Part of the stimulus for the rapid expansion of U.S. enterprise in Asia in the years 1966-72 lay precisely in the stepped-up demand created by the Indochina War and the presence (at its peak) of more than one million U.S. troops in the Asian theatre. As the continued rapid increases in sales in 1970 and 1972 make plain, the boom continued beyond the phasing out of U.S. troops and war spending. Rapid sales gains in the underdeveloped region of Southeast Asia have centered in the expansion of manufacturing and petroleum industries. The very fact of potential U.S.-Japan rivalry—hence the need emphasized by leading U.S. policymakers to reinforce hegemony over a restless partner—enhances the value of U.S. oil and other strategic investments in Asia while underlining the uncertain future of the area.

Oil Investments in Asia

Petroleum has long been the leading sector in U.S. investment in Asia. But it was only in the wake of the 1965 Suharto coup d'etat in Indonesia—staged with U.S. support at the precise moment when U.S. oil companies faced nationalization—and technological breakthroughs in offshore oil drilling, that U.S. firms invested heavily to control the lion's share of Indonesian and offshore oil fields throughout Southeast Asia.[62] While the U.S. suffered costly setbacks on the battlefields of Indochina, American oil firms secured control of the major oil and natural gas deposits discovered recently, as well as the refining and sales markets of Southeast Asia. A widely quoted Chase Manhattan Bank study estimates that between 1970 and 1985 the oil industry will pour $65 billion into the Pacific Basin area.[63] Since the late sixties Southeast Asia has been the most dynamic new frontier in competition among oil companies and nations to control this critical resource.

In 1972 U.S. oil companies reported Asian sales of $7.667 billion. The oil companies reaped profits of $338 million compared with total net profit of $885 million from all U.S. direct investment in the Far East.[64] Even before the 300 percent leap in world oil prices recorded in 1973, U.S. oil company sales in Asia had tripled in just six years.

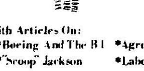
Manufacturing Investment in Asia

If the petroleum industry, dominated by less than a dozen firms, remains the single most lucrative and politically most powerful sector of U.S. foreign investment in Asia, the most startling advance in recent years has been in the field of manufacturing. By 1974, fixed manufacturing investment by U.S. firms in Asia was estimated at $10.14 billion compared with $7.123 billion in petroleum. The recent rush of manufacturing investment by global enterprises marks the demise of the classical colonial pattern of monopolizing manufactures in the metropolitan countries while restricting the economies of Third World nations exclusively to agriculture and mining. To grasp the significance of the change, however, we need to examine closely the pattern of manufacturing from the dual perspectives of its contribution to overall economic development as well as the contemporary needs of global enterprise.

During the 1950s and early 1960s, nationalist planners throughout Asia and much of the Third World pressed for a strategy of import substitution to eliminate the import of costly foreign manufactures. By the late 1960s, this strategy had virtually collapsed. On the one hand, import substitution actually increased the outflow of scarce foreign exchange, since without a domestic machine tool industry it was necessary to import expensive machinery and semi-finished products to produce items which, once produced, contributed little to overall development. Often those items were luxury consumer goods favored by the bourgeois elites who governed, and they sold at a higher price than comparable mass-produced foreign goods. On the other hand, the erection of tariff walls precipitated efforts by global enterprises to establish their own factories in Third World countries. The result was that many native capitalists were forced out of business or bought up by foreign interests.

By the late sixties the policy of import substitution had yielded to frank acceptance of an international division of labor proposed by the global enterprises, leading development planners of the Third World capitalist nations and international organizations. This policy was articulated clearly in the influential Asian Development Bank study *Southeast Asia in the Seventies* Calling on Southeast Asian nations to abandon illusions of all-round industrialization and economic independence, the study suggested that reliance on global enterprise and the international economy offered the only hope for development. The approach was a mixture of classical colonialism and the new needs of the global corporations. Capital from global enterprise was to develop natural resources and plantation agriculture (the colonial pattern), while new emphasis was given to production of manufacturing goods for the international market.[65]

In the mid-sixties Asian elites, virtually abandoning efforts to protect their own nascent industries, offered global enterprises privileged access to their vast labor forces to create export platforms where cheap Asian labor, ninety percent of it provided by young women, performs product assembly for export to the metropolitan countries. Typically, factories are



Boeing Arms
The Corporate Empire

A New Pamphlet from.

PACIFIC NORTHWEST RESEARCH CENTER

With Articles On:
* Boeing And The B1
* Agribusiness
* "Scoop" Jackson
* Labor
* Wall St. Control
* History
* Plus Charts & Graphs

Cost: .75¢ (Plus .25¢ Postage)
ten or more:
.50¢ and 10% for postage

Copies Available From:

STOP THE B-1 BOMBER: NATIONAL PEACE CONVERSION CAMPAIGN

AFSC

• 814 N.E 40th St
Seattle, Wa 98105

• 4312 Stark S.E.
Portland, Or 97215

Table 10. Fixed Investment by U.S. Companies in Asia/Pacific 1972 to 1974
($million)

	All Industries			*Mining, Smelting*			*Petroleum*		
	1972	*1973*	*1974*	*1972*	*1973*	*1974*	*1972*	*1973*	*1974*
Japan	566	590	911	0	0	0	n.a.	182	274
Australia	756	723	957	237	213	292	155	138	193
New Zealand	39	41	47	n.a.	0-8*	0-6*	n.a.	0-8*	0-6*
India	45	52-63*	67	0	0	0	n.a.	0-11*	2
Indonesia	317	323	484	62	0-25*	15	231	261	434
Korea	9	0-11	16	0	0	0	n.a.	0-11*	0-16*
Philippines	50	56	76	0	0	0	19	0-25*	0-18*
Other Asia/Pacific	349	274	329	32	4	-	123	75	89
Asia/Pacific Totals	2,130	2,070	2,887	331-6*	217-50*	307-13*	697	656-710*	1012-52*
World Totals	17,088	20,118	23,766	1,249	1,087	1,098	5,350	6,699	8,127

n.a. = Not available (data suppressed to avoid disclosure of individual company figures).
- = Investment under $500,000
* = Figures not disclosed; the range has been calculated by *Business Asia*
1974 figures are projections.

Source Business Asia, *July 12, 1974, p. 20.*

situated in the free trade zones, those enclaves of foreign capital and privilege which have sprung up throughout Asia.

Free Trade Zones: The New Treaty Ports

The proliferation of free trade zones represents in perhaps its purest form the new industrial face of contemporary imperialism. Taiwan's Kaohsiung was the first free trade zone developed specifically to attract and serve foreign industrial capital. By 1973 a *Business International* survey listed seven free export zones in the underdeveloped areas of Asia, all but two of them directed primarily toward tapping the U.S. market. They provided, in addition to attractive tax and other investment incentives, container facilities for shipping, government guarantees against red tape and above all plentiful supplies of cheap labor. Starting wages range upward from 15 cents an hour for unskilled labor in Malaysia, Singapore and India to 30 and 32 cents an hour and up in South Korea and Hong Kong. Entire American industries have left the U.S. lock, stock and barrel to relocate in Asia. These range from the electronics, TV, radio and camera industries to shoes, toy manufacture and textiles on through the transplanting of the pineapple industry from Hawaii to the plantations of the Philippines.

Table 11. Free Export Zones: Asian Underdeveloped Countries, 1973

Country	*Location*	*Principle Area Serviced*	*Approximate Minimum Hourly Labor Costs in $U.S.*
Taiwan	Kaohsiung	Far East, Southeast Asia, North America	0.22 to 0.30 (unskilled) 0.80 to 1.63 (skilled)
Hong Kong	Hong Kong	Far East, Western Europe, North America	0.32 to 0.40 (unskilled) 0.98 to 1.63 (skilled)
India	Kandla	Southwest Asia	0.15 to 0.40 (unskilled) 0.20 to 1.39 (skilled)
Malaysia	Penang Island	Southeast Asia	0.15 to 0.24 (unskilled) 0.70 to 1.16 (skilled)
Singapore	Port of Singapore	Southeast Asia, North America	0.15 to 0.23 (unskilled) 0.30 to 0.75 (skilled)
Thailand	Bangkok	Southeast Asia, North America	0.25 to 0.40 (unskilled) 0.80 to 1.20 (skilled)
South Korea	Masan	Far East, Southeast Asia, North America	0.30 to 0.50 (unskilled) 0.80 to 1.50 (skilled)

Source. Business International, *November 2, 1973, pp. 350-51. The list is incomplete. At least one other zone, the Philippines' Bataan Export Processing Zone is in operation.*

Manufacturing			Trade		
1972	*1973*	*1974*	*1972*	*1973*	*1974*
378	353	587	24	40	34
290	295	372	40	36	44
17	16	16	14	11	19
41	56	64	-	-	-
22	37	0-35*	n.a.	0-25*	0-35*
4	0-11*	0-16*	n.a.	0-11*	0
18	16-41*	49	4	4	0-18*
59	90	85	19	22	92
829	858-94*	1173-224*	101	113-49*	99-152*
7,123	8,515	10,140	1,395	1,390	1,742

Substantial portions of U.S. manufacturing investment in Asia are located in free export zones in Taiwan, Singapore, Hong Kong, South Korea and Malaysia, with recent increases in the Philippines and Thailand. Fairchild Semiconductor (worldwide sales $220 million in 1971) exemplifies the pattern of expansion of the rapidly growing electronics industry. With plants in South Korea (1966), Singapore (1968), Okinawa (1969) and a joint venture in Japan, 90 percent of the company's total production is in the Far East and 85 percent of this output is exported to the United States. [66]

By 1968, the rush of U.S. industrial capital catapulted four Asian countries to the position of leading manufacturing exporters of the Third World. With just five nations accounting for more than half of the world manufacturing exports from the underdeveloped to the developed countries, Hong Kong ranked first, India second, Taiwan third and South Korea sixth.[67] Analysis of the dramatic rise of manufacturing exports by Hong Kong, Taiwan and South Korea reveals that the principal gains have been the result of new investment and production by and for global enterprises with products exported to the metropolitan countries. There is minimal impetus to the kind of balanced growth that could benefit the masses of Asia's rural poor.

Free export zones are reminiscent of the Treaty Ports in old China: Industry tends to be limited to foreign corporations; the products are exported to the metropolis; foreign enterprises enjoy extraordinary privileges, particularly long and lucrative tax holidays, usually for five to ten years, and assurances of a disciplined, strike-free labor force. The zones in short are sanitized from contact with the local societies and tailored in the image of international capital. They stand virtually outside the local pattern of laws and social relations, forming artificial foreign islands. Low-paid native wage laborers enter the zone in the morning and return to their own "country" at night. The export zone meshes neatly the goals of global enterprise and certain Third World elites who seek to attract investment as a means to personal wealth and power.[68]

Moreover, the past decade has shown that free export zones contribute to rising Gross National Product curves but bring in *relatively little* capital to the nations involved. Moreover, only a small portion of the capital which is generated is channeled into effective development. The bulk of the financing for foreign enterprises is provided by locally generated capital and their products go virtually untaxed; they rarely raise significantly either the local pool of technical or entrepreneurial skills; they provide relatively few jobs when compared to the immense unemployed labor pool in most Third World countries and these jobs remain contingent on the vagaries of a market 12,000 miles away. Above all, with production exclusively for export, their contribution to coordinated national development is virtually nil. Free trade zones have however served handsomely the interests of the multinational enterprises in their search for cheap labor, tax havens, and strategic positions of strength in the struggle to dominate international markets.

Global Banks in Asia

The third major force shaping the flow of international capital in Asia has been banking. As of mid 1974, U.S. banks have outstanding loans exceeding $6 billion and have been turning some of their neatest profits in Asia. First National City Bank, the biggest in the region, increased its Asian earnings by $18 million in 1972, five times as fast as its U.S. earnings.[69]

The formation of merchant banks (investment banks) and the interpenetration of multinational capital have grown at an extraordinary pace in recent years, stimulated by the booming Asia dollar market in Singapore. Coincident with Singapore's development as the world's third largest oil refining center, the Asia dollar market expanded from a mere $330 million market in 1968 to more than $5.5 billion by

Table 12. Light Manufactures Exports of Asian Countries, 1960 and 1970

	$million	
	1960	*1970*
Japan	2,506	9,052
South Korea	4	574
Taiwan	58[a]	823
Hong Kong	515	1,959
Philippines	17	79
Indonesia	4	167
Singapore	204	357
West Malaysia	190	426
Thailand	8	140
Burma	5	4
Cambodia	—	—
South Vietnam	1	1[b]

a. 1961.
b. *1969*

Source. *ECAFE,* Statistical Yearbook for Asia and the Far East, 1970: The Far East and Australia, *(London. European Publications, 1973), p. 71.*

1973 to become a major source of U.S. dollars for investment in the region.[70]

To cite a single example of the new multinational face of banking in Asia, ASEAMBANK, an international consortium with Bank of America at its core, had a capitalization of $32 million. In 1973 alone it opened branches in Singapore, Malaysia, Hong Kong and the Philippines.[71]

The Private Investment Company for Asia (PICA), initiated in 1968, exemplifies the breadth of capital involvement and the growing role of Japanese banks in coordination with American capital in defining a Pacific Basin financial region. With an authorized capital of $40 million in 1969, PICA's original subscribers included 56 Japanese firms (each subscribing $100,000) and 28 each from the U.S. and the Europe-Canada-Australia groups (subscribing $200,000 each). Subscribers include not only the major banks from these countries but such global industrial giants as General Motors, IBM, Exxon, Mitsubishi Heavy Industries, Nissan and Toyota Motors (Japan), Broken Hill (Australia), Alcan (Canada), Pechiney (France), Fiat (Italy) and Royal Dutch Shell (British-Dutch).[72]

Yet contrary to the myth fostered by the global enterprises, the proliferation of U.S. and international banks and the growth of foreign investment has not produced a significant influx of new capital to Asia. Quite the reverse. The global banks and international corporate investors in Southeast Asia drain off local capital which might otherwise contribute to national development to finance their investments and those of their corporate-manufacturing global partners. Among the developing countries of the Far East in 1963, for example, $705 million was remitted abroad while the inflow of private capital was $181 million. A survey of 108 U.S. firms in the Philippines with capital expenditures of $487.5 million in the years 1956-65, revealed that 84 percent of the capital came from Filipino sources. Meanwhile, according to President Ferdinand Marcos, as of 1969 U.S. firms were annually remitting $120-150 million in profits from the Philippines. In 1969 and 1970 $7.08 was remitted to the U.S. for every dollar brought into the country.[73] In short, global enterprises both siphon off capital in remitted profits and absorb substantial domestic capital.

The reigning financial interests in Asia are overwhelmingly American. As with ASEAMBANK, they are in the 1970s increasingly forming international consortia with European, Japanese and local capital to finance investment throughout the region. Interlocking capital, in finance, in oil and other resources, and in manufacturing, has emerged as a characteristic mode of the internationalization of Asian economic life. In Asia as in the United States, it is the leading New York banks, above all Citicorp and Chase Manhattan, which dominate the international banking scene.

Global Enterprise in the Philippines

The focus of this essay has been *American* global enterprise, its characteristic pattern of concentration and its international thrust. To better grasp the significance of U.S. foreign investment, however, we need to look more closely at its impact on the lands and peoples of Asia. American capital has its longest and most striking history of involvement in the Philippines. If any Asian country presents a paradigm of the benefits of long and intimate association with American capital, culture and democracy, that nation must surely be its oldest colony and present close ally, the Philippines. What has been the record of United States global enterprise and its relationship to United States policy in the Philippines since Independence?

In 1946 as the Philippines attained independence (predicated on the continued troop presence and legislative guarantees of the economic hegemony of the colonizing power), U.S. direct investments had an estimated book value of $163 million. At the end of 1971, *The Manila Chronicle* reported the book value of all U.S. investments at $1.2 billion, and a variety of other estimates place the value in 1975 at $1.5 to $2 billion.[74]

The question that concerns us here is the role and scope of American capital in the Philippine economy. In 1968, the 187 American corporations whose reported Philippine investments each exceeded $1 million accounted for 41 percent of gross receipts of *all* Philippine businesses. In 1970, 30 of the top 50 corporate sales leaders were American firms. A United Nations Survey found that in 1971 70 of the 100 largest "Philippine" corporations were foreign owned and one third of all capital stock in the country was owned by aliens. In 1972, seven of the 11 leading private corporations in the Philippines were American-owned, one British-Dutch, two overseas Chinese. Just one, Manila Electric, was Filipino-owned.[75]

The significance of American corporate and financial clout is clarified when we consider the content of that investment. Virtually every critical sector of the economy is dominated by American interests: In oil, five of the six companies which control 98 percent of all sales (1970) are American, the sixth being Royal Dutch Shell;[76] the chemical industry is dominated by Union Carbide, Esso Standard (Exxon subsidiary), American Cyanamid, Dow and other American firms; tire and rubber is controlled totally by Goodyear and Firestone; and the list of American-dominated sectors continues on through manufactures, communications, mining, canning, drugs and banking.[77]

In lieu of telling the full story of U.S. global enterprise in the Philippines, we will consider the oil and banking sectors in some detail. In these two sectors the same global firms which we have shown to be dominant in the U.S. hold decisive power in the Philippines political economy.

Particularly since the 1960s, the internationalization of banking and investment in the Philippines has played a central role in the advance of global enterprise. The 1963 formation of the Private Development Corporation of the Philippines (PCDP) with an initial operating capital of 111.5 million pesos ($28 million) represented a major expansion in financial services by and for international capital. PCDP's stated function was to "help the expansion of private industry (both local and foreign) in the Philippines by providing long-term loans for vital infrastructure (ports, roads, dams, bridges, etc.)."[78] The largest source of investment capital in the Philippines at the time, PCDP was formed at the initiative and with the financial participation of the International Monetary Fund, the World Bank (which provided a $15 million initial loan and $50 million more by 1968) and the U.S. Agency for International Development. Fourteen American banks and investment houses including Bank of America, First National City Bank, Morgan Guaranty and Lehman Brothers, German, Japanese and British banks as well as Philippine capital also

joined.[79] By 1972 the volume of PCDP transactions reached 1,400 million pesos. And as of 1974, PCDP has received at least $75 million in loans from the Asian Development Bank and the World Bank, loans either floated through the intermediary of the Philippine Government or guaranteed by it.[80]

If PCDP was a pioneer, it was soon overshadowed in size by another new financial institution, Bancom, organized in 1964 and presently the leader in the investment field. Controlled by Bankers Trust of New York until 1973 when it sold all its shares to American Express, this billion peso firm neither loans nor invests its own funds but provides a multiplicity of financial services to private investors and governments. Under American Express' aggressive direction, Bancom has itself gone international with the formation in 1973 of subsidiaries in Hong Kong and Thailand, and in 1974 it formed its first European subsidiary, the Luxembourg-incorporated Philippine Investment Company.[81] Bancom's profits during these years of headlong expansion illustrate the opportunities for foreign capital in the region. Investors received a 157 percent return on their original investment between 1965 and 1971, and earnings increased an additional 64 percent in 1972 and 1973.[82]

Citicorp, Bank of America and Chase Manhattan have been quick to follow in establishing their own investment arms: - FNCB Finance, BA Finance and Filinvest, each in partnership with local capital. Chase Manhattan's Filinvest has announced plans to open ten investment banks in other Asian countries during the next decade, thus making the Philippines a springboard for U.S. capital penetration in other parts of the region.[83] Through investment banks such as Bancom and PCDP as well as through the dominant commercial banking position of Citicorp, U.S. capital maintains a commanding role in Philippine finance. Citicorp, which established its first branch in the Philippines in 1902, has long been the nation's leading foreign bank. As of June 30, 1973, it was the country's largest private commercial bank holding assets of 2,000 million pesos, over 10 percent of total bank assets. But its real strengh lay in the fact that Citicorp held approximately 50 percent of all dollar assets in the country, including U.S. Government and U.S. Army deposits.[84]

The American financial presence has *not* produced an influx of foreign capital for development. One government study revealed that it has provided the mechanism for attracting *Philippine* capital into foreign controlled investment: Between 1956 and 1965 84 percent of the funds used for the operations of U.S. firms were drawn from Filipino sources.[85] And repatriation of profits by foreign firms accounts for the major outflow of capital.

Since 1973 foreign banks have dramatically expanded their control over Philippine commercial banking. The Marcos administration's martial law edict decreeing that all commercial banks must increase their minimum capitalization to 100 million pesos, and for the first time opening commercial banks to foreign capital participation, has produced a flurry of mergers. That is, foreign takeovers. Eleven foreign banks, seven of them American, including Bank of America, Chase Manhattan, Citicorp and Morgan Guaranty, have purchased substantial holdings in Philippine commercial banks.[86] In the nine months following these changes in banking laws 54 million pesos, or 60 percent of the total 92 million peso influx of foreign capital, flowed into Philippine financial institutions.[87] American capital supremacy in both the commercial and investment sectors of Philippine banking, in concert with the maturity of the Singapore Asia Dollar market and regional capital markets, facilitates the rationalization of control by international capital.[88]

Completing the circle of financial dependence is the spiraling Philippine national debt, up from $275 million in 1962 to $2.815 billion in mid-1974, with half of it held by the United States. Together these facts lend credence to the conclusion advanced by Alejandro Lichauco: In the Philippines "neo-colonialism is largely financial imperialism."[89]

To a degree exceeding even the banking sector, the Philippines' oil industry—and with it the key to its future prospects of development—is controlled outright by foreign capital. Five of the Philippines six top oil companies are American and four of these rank among the top ten sales leaders in the nation. Caltex, the leader in refining and marketing, with operations in the Philippines dating back to 1921, ranked number three among all Philippine companies in sales in 1971, and the overall position of the oil giants has been strengthened since oil prices spiraled in 1973. Control over the oil industry influences the possibilities of development not only of oil-fueled industry but increasingly of agriculture as well, as the green revolution with its fertilizer-intensive methods gains momentum.

Table 13. American Oil Companies Ranked Among the Top Ten Philippine Corporations (1971)

Pesos in Thousands ($1U.S.$=P6.4)

Company and Rank U.S. Firms	*Parent Company*	*Sales Rank*	*Sales*	*Assets*
1. Caltex Philippines	Caltex	3	614,739	611,412
3. Esso Philippines	Exxon	5	413,973	453,123
4. Mobil Oil Philippines	Mobil Oil	9	363,389	289,822
5. Bataan Refining	Exxon/Mobil	10	353,647	578,756

Source Corporate Information Center of the National Council of Churches of Christ in the U.S.A., The Philippines· American Corporations, Martial Law and Underdevelopment, *p. 13*

The struggle for economic independence waged by Filipino nationalists over the decades highlights the pervasiveness of global enterprise in shaping the policies both of the United States and the Philippine government. Others have explored in detail the legislative developments, frequently in violation of the Philippines Constitution and enacted over bitter internal opposition, which have opened the door to U.S. investment. From the granting of special landholding privileges to Americans ("parity") to the Bell Act guaranteeing free trade between the U.S. and the Philippines to the rent-free provision of major air and naval bases in the "independent"

Philippines, Philippine compradore governments have served handsomely the interest of U.S. global corporations.[90]

The relationship between endangered interests of U.S. global enterprises in the Philippines and the declaration of martial law, a pattern familiar to students of the U.S.-sponsored military coups of recent decades in Indonesia (1965), South Korea (1961), and Cambodia (1970), merits attention. Within weeks of declaring martial law, Marcos acted to: 1. Overturn the 1972 Supreme Court decision which had jeopardized foreign property rights in the Philippines. 2. Reverse legislation which had blocked foreign oil companies from participation in development of new oil fields. 3. Offer new investment incentives including abolition of capital gains taxes and elimination of import duties on manufacturing equipment. 4. Open Philippine commercial banking to foreign domination as noted above.[91] Thus martial law has temporarily repressed—though it cannot eliminate—Filipino strivings for economic independence and development and has served the interests of U.S. global enterprise.

Three decades of "independence" have transformed the Philippines from a colony to a client state: More dependent on the U.S. than at any time in its colonial past, economically, militarily, and culturally. "The American presence here is pervasive," nationalist Alejandro Lichauco concluded.

> *It is a presence which is felt at the highest level of our political life, in our bureaucracy, in the remotest of our rural areas, and in our schools. Its commanding presence is seen and felt in the strategic sectors of our economy. Its heavy-handed influence pervades our social and cultural life It is certainly a strategic element in our military establishment and a decisive factor in the conduct of our foreign policy It operates at virtually all levels of our national life.*[92]

Conclusion

The expansive thrust of multinational enterprise as the cutting edge of U.S. capitalism is transforming the political economies both of the United States and Asian nations, binding them together in complex hierarchies of dominance and dependence within a single international economy.

This paper has attempted to locate developments in contemporary Asia within the framework of global capitalism. The data confirm that the United States economy has entered the era of global enterprise. The hegemons of its domestic economy, both industrial and financial, are the men who rule the leading U.S. global enterprises; interdependence in resources, trade, capital and even manufactures has become a commonplace of American economic life; the interlocked class interests which dominate the American economy, discussed in this paper in terms of a Wall Street-based central financial complex and oil-finance interlocks and exemplified by the Rockefellers, have extended their power from a national to an international plane which embraces Asia. U.S. global enterprise today is the most dynamic expansive force in the capitalist world.

Ideologists of the multinationals have staked out their claims boldly: They are "purveyors of world peace" capable of reducing the nastiness and cost of applying brute military power; they are the bearers of rational forms of economic development and purveyors of welfare to the peoples of the world.

The data presented here suggest that far from initiating a "generation of peace," the competition between the multinationals and among nations attempting to exercise state power on their behalf provides the dynamic and destabilizing thrust at the heart of contemporary global conflict: Between the United States and the Third World, between the U.S. and its capitalist rivals; between competing oligopoly interests; and increasingly between American workers and the global enterprises. The record shows, moreover, that the "welfare" produced by global enterprises in the underdeveloped countries of Asia primarily takes the form of profits flowing into the pockets of investors in the metropolitan countries with smaller shares for local elites; it is the "welfare" of urbanization and industrialization geared to international rather than to national priorities; it is feverish resource development which ends often by depriving nations of the very resources which might fuel internal development; it is the juxtaposition of wealth and Western consumer culture for the elite side by side with the poverty, disease, illiteracy, neglect and hopelessness of the many; and, we must never forget, it is the "welfare" of the homeless, the maimed and the dead in those nations which choose to resist the power of global enterprise.

Rather than a smoothly functioning and nationally integrated unit, the economies of Third World nations in Asia and elsewhere

> *consist of a series of more or less independent sectors; a traditional agricultural sector, largely folded in on itself, but including backward smallholding production of export crops; an enclave sector represented by foreign controlled extractive industries or plantations; and a largely tertiary urban sector, often parasitic and producing little.*[93]

Growth born of the global enterprise has produced a mounting gap between the urban enclave economies and the great rural hinterlands, a sharpening of differences in income, life style and aspirations between rich and poor.

The same symbiosis of U.S. global enterprise and U.S. government is mirrored in the relationship between the global giants and their clients in the Third World. The May 1975 revelation by Gulf Oil Chairman Bob Dorsey that his firm provided $4 million in "political contributions" to bribe South Korean officials and to buy elections is the international analog of the corporate buying of U.S. officials which became public knowledge in the wake of Watergate. Directly and indirectly, by legal and illegal means, U.S. global enterprises influence profoundly the politics, economies and culture of Asian nations.

The same forces which have produced misery and dislocation throughout the Third World have also produced resistance. Asian opposition to the advance of global enterprise, whether by armed liberation movements or by nationalist governments, is likely in the future to center around securing control over and obtaining reasonable terms for Asian resources and manufactures. It thus seems inevitable that with the declining American military presence, struggles between Asian popular forces and American power will focus increasingly on global enterprises, those hydra-headed monsters of contemporary capitalism.

* I am indebted to Steve Andors, Henry Berger, Herbert Bix, Edward Friedman, Jon Livingston, Christine White, David Wilson and members of the Pacific-Asia Resources Center–CCAS study group on contemporary imperialism for critical assistance in preparing this paper.

Notes

1. Frank Mastrapasqua, "U.S. Bank Expansion Via Foreign Branching: Monetary Policy Implications," *The Bulletin* (New York University Graduate School of Business Administration), Nos. 87-88, January 1973.

2. Mira Wilkins, *The Maturing of Multinational Enterprise American Business Abroad, 1914-1970* (Cambridge. Harvard University Press, 1974), p. 374.

3. Joyce Kolko, *America and the Crisis of World Capitalism* (Boston: Beacon Press, 1974), p.,31.

4. "The Role of Big Business in Achieving National Goals," President's Lecture Series, Florida State University, November 26, 1974.

5. Joyce Kolko, *America and the Crisis of World Capitalism,* p. 30.

6. Raymond Vernon, *Sovereignty at Bay The Multinational Spread of U.S. Enterprise* (New York: Basic Books, 1971), pp. 153-71; James Vaupel and Joan Curhan, *The Making of Multinational Enterprise* (Boston· Harvard Business School, 1969), p. 4. The Harvard studies restrict their definition of multinational corporations to industrial firms. This obscures, as we will observe, important features of global enterprise, particularly the links between industrial and financial capital.

7. Data for 1914 are drawn from Harry Magdoff, *The Age of Imperialism. The Economics of U.S Foreign Policy* (New York: Monthly Review, 1969), p. 56, 1960 and 1971 data are from Japan Ministry of International Trade and Industry, "White Paper on International Trade, Japan" (1973), p. 41.

8. United Nations, *Multinational Corporations in World Development* (New York, 1973), pp. 127, 130-37.

9. Peggy Musgrave, "Tax Preferences to Foreign Investment," Commerce of the United States, Joint Economic Committee, *The Economics of Federal Subsidy Programs, Part II—International Subsidies,* (Washington, D.C., 1972). Cf. the analysis of her data in *Global Reach. The Power of the Multinational Corporation* (New York: Simon and Schuster, 1974), p. 444.

10. J. N. Friedman and L. A. Lupo, "U.S. Direct Investment Abroad in 1973," *Survey of Current Business,* Part II, August 1974, p. 16. The present market value of these investments is approximately 2-3 times the book values indicated. Earnings on overseas investment rose at a strikingly higher rate than the book value of investment during the past decade, running in the neighborhood of $5 million in 1966 and 1967 to more than $11 and $17 million in 1972 and 1973.

11. Thomas Kraseman and Betty Barker, "Employment and Payroll Cost of U.S. Multinational Companies," *Survey of Current Business,* October 1973. Cf. Joyce Kolko, *America and the Crisis of World Capitalism.*

12. Nelson Rockefeller, "A New Approach to International Security," *Department of State Bulletin,* August 27, 1951, pp. 329-30.

13. By 1985 the U.S. is projected to be dependent on imports for 55 percent of its iron, 73 percent of its zinc and 61 percent of its lead. U.S. Department of the Interior, *First Annual Report of the Secretary of the Interior Under the Mining and Minerals Policy Act of 1970: Appendices,* March 1972 as cited in *The United States and the Developing World· Agenda for Action,* Overseas Development Council, 1973, pp 13-39.

14. Henry Kissinger, "Energy· The Necessity of Decision," address before the National Press Club, February 3, 1975 (Department of State, Bureau of Public Affairs); Barnet and Müller, *Global Reach,* p. 127. The 35 percent U.S oil dependency figure compares with 100 percent for Japan and more than 90 percent for Western Europe in 1971.

15. U.S. Department of Commerce, *Survey of Current Business,* August 1973, p. 21, U.S. Senate, Hearings of the Sub-Committee on International Trade, Committee on Finance, *The Multinational Corporation* (Washington, D.C., 1973), p. 31. *Federal Reserve Bulletin,* March 1974, p. A86.

16. *Fortune, Directory of Largest Non-Industrial Corporations,* 1974; Barnet and Müller, *Global Reach,* p. 233.

17. *Moody's Bank and Finance Manual,* 1973, pp. 556, 778, 887; Frank Mastrapasqua, "U.S. Bank Expansion Via Foreign Branching: Monetary Policy Implications," pp. 21-25, Harry Magdoff, *The Age of Imperialism,* p 75.

18. Andrew Brimmer, "Multinational Banks and the Management of Monetary Policy in the United States," delivered to a joint session of the 58th annual meeting of the American Economic Association and the 31st annual meeting of the American Finance Association, Toronto, December 1972, Table III, Jan D'Arista, "Foreign Branches of U.S. Banks and U.S. Operations of Foreign Banks," staff paper of the Committee on Banking and Currency, U S. House of Representatives; Barnet and Müller, *Global Reach,* pp. 233, 270.

19. Frank Mastrapasqua, "U.S. Bank Expansion Via Foreign Branching," pp. 23-25 The nine which comprise the New York Clearing House Association are Citicorp, Chase Manhattan, Morgan Guaranty, Bank of New York, Chemical Bank, New York Trust, Irving Trust, Marine Midland, Grace Trust, Manufacturers Hanover and Bankers Trust.

20. "The Role of U.S. Banks in the Changing Pattern of International Banking," Department of Economics Study Papers, Washington, D.C., The American University, 1973, quoted in *Global Reach,* p. 233.

21. Edward Herman, "Do Bankers Control Corporations?" *Monthly Review,* June 1973, p. 12, citing the report on *Commercial Banks and Their Trust Activities.* The Senate sub-committee investigating corporate ownership in 1973 reaffirmed the conclusion of a 1968 Senate study that "even 1 or 2 percent of stock in a publicly held corporation can gain tremendous influence over a company's policies and operations." *Disclosure of Corporate Ownership,* prepared by the Subcommittees on Intergovernmental Relations and Budgeting Management and Expenditures of the Committee on Government Operations, U.S. Senate, 93d Cong., 2nd Session, printed March 4, 1974, p. 9.

22. *Report of the Trust and Investment Division of Morgan Guaranty Trust Company,* May 1972, pp. 16-17 cited in Herman, p. 20. These include investments of the bankers' own capital as well as funds placed in trust of the banks for investment. In nearly all cases, the banks maintain *and use* voting rights in the stock.

23. *Disclosure of Corporate Ownership,* pp. 146-47.

24. *Disclosure of Corporate Ownership,* p 22.

25. James Knowles, "The Rockefeller Financial Group," pp. 341-43. By 1972 Chase Manhattan (with 4 percent) was replaced by Morgan Guaranty (with 7 percent of outstanding shares) as the leading stockholder in United Aircraft. *Disclosure of Corporate Ownership,* p. 44.

26. *Disclosure of Corporate Ownership,* p. 116. The five were the First National City itself, Chase Manhattan, Morgan Guaranty, Manufacturers Hanover, and U.S. Trust Company.

27. See the special issue on "The Debt Economy," *Business Week,* October 12, 1974, pp. 54-55, 68-84.

28. U S. Bureau of the Census, *Statistical Abstract of the United States: 1973,* Washington, D.C., p. 479. Much of the data in the remainder of this paragraph is drawn from Harry Magdoff and Paul Sweezy, "Banks: Skating on Thin Ice," *Monthly Review,* February 1975, pp. 1-21. Magdoff and Sweezy highlight the instability of the emerging debt structure without pointing to the pattern of corporate dependence on banks through debt and other factors.

29. Board of Governors, Federal Reserve System, *Flow of Funds Accounts 1945-1972, Federal Reserve Bulletin,* October 1974.

30. 1974 data from *Federal Reserve Statistical Release* H.4.3. for the last week in 1974; earlier data from various issues, *Federal Reserve Bulletin*.

31. *America and The Crisis of World Capitalism*, p. 52. A vigorous debate is presently in progress over the question of bank control of corporations. The preceding analysis emphasizes the formation of a banking-industrial complex at the center of the U.S. (and by extension international) economy. It is my view that leading banks not only possess awesome power to control and direct industrial corporations, but that they actually use it. The use of this power is not primarily in intervention in the day to day affairs of firms. It rests in maintaining a decisive voice in such critical decisions as the choice of directors and executive officers, major loans, and mergers. Particularly in time of crisis, such as the collapse of a firm like the Penn Central Railroad, banks expand their direct controls over the day to day decisions of management. A May 1967 *Fortune* study, "The Mutual Funds Have the Votes," notes, for example, that three major New York Banks—Chase Manhattan, First National City, and Chemical—voted against management proposals a total of 25 times in stockholder meetings that year. While the issue of bank control over the corporations will continue to evoke vigorous debate, the strength of corporate-bank ties seems to me beyond dispute. The task, then, is to assess its significance. The general issues of bank control and interest groups are delineated in Robert Fitch and Mary Oppenheimer, "Who Rules the Corporations?" and follow-up responses by Paul Sweezy and Robert Fitch, *Socialist Revolution*, Numbers 4-6, 8, 12, and more recently in lucid articles by Edward Herman, "Do Bankers Control Corporations?" *Monthly Review*, June 1973, and James Knowles, "The Rockefeller Financial Group."

32. James Knowles, "The Rockefeller Financial Group," in Ralph Andreano ed., *Superconcentration* (Andover, Mass.· Warner, 1974), p. 343-46.

33. The same pattern of oil investment holds for the Rockefeller Brothers Fund G. William Domhoff and Charles Schwartz, "Probing the Rockefeller Fortune," Presented to the House Judiciary Committee on December 2, 1974, pp. 6, 9, 30. Their report is reprinted in the *International Socialist Review*, January 1975

34. Charles Kindleberger, *American Business Abroad* (New Haven: Yale University Press, 1969), p 182.

35 Chile offers a paradigm of the government-business relationship in important respects Five major Wall Street global banks effectively cut off all short-term credit to the Chilean government as the CIA fomented internal opposition to Allende. Even as all U.S. economic aid to Chile was terminated, military aid continued in a successful effort to bolster the anti-Allende military and police whose leadership had been trained in the United States. ITT director, oilman and former CIA director John McCone in 1970 offered $1 million to his successor at the CIA to finance a campaign to insure Allende's defeat at the polls, the offer was turned down but continued business lobbying by ITT led the U.S to subvert the Chilean government.

See the documents included in *Multinational Corporations and United States Foreign Policy*, Hearings Before the Subcommittee on Multinational Corporations of the Committee on Foreign Relations, United States Senate, 93d Congress, 1973, Parts 1 and 2 On the CIA in Laos see D Gareth Porter, "After Geneva Subverting Lao Neutrality," pp. 183-86, in Nina Adams and Alfred McCoy, *Laos· War and Revolution* (New York· Harper & Row, 1970).

36 Cf. Philip Agee, *Inside the Company, CIA Diary* (New York: Stonehill, 1975), and his interview printed in *The Guardian*, March 19, 1975

37. Mark Selden, "Clients et mercenaires pour une nouvelle 'légitimité' ' *Le Monde Diplomatique*, February 1975, pp. 12-13. The information detailing training of corporate security guards at the International Police Academy along with data concerning training of foreign police in bomb making is given in Senator James Abourezk's letter of July 30, 1974, to Senator William Fulbright. The Senate subsequently curbed the Police Academy's activities.

38. Documentation concerning representatives of the global enterprises in government is given in G. William Domhoff, *The Higher Circles The Governing Class in America*, Part II, Gabriel Kolko, *The Roots of American Foreign Policy*, pp. 3-26, Barnet and Müller, *Global Reach*, pp. 251-52. James Knowles provides detailed analysis of the political power wielded directly by the Rockefeller group in "The Rockefeller Financial Group," pp. 343-41-46.

39. Mira Wilkins, *The Emergence of Multinational Enterprise American Business Abroad From the Colonial Era to 1914* (Cambridge: Harvard University Press, 1970), p.7. (Hereafter abbreviated as Wilkins, *Emergence*)

40. Wilkins, *Emergence*, p. 210.

41. The saga of the marines and Standard Oil is related in David Wilson's unpublished paper, "Principles and Profits: The Kuomintang Confronts Standard Oil, 1925-1927."

42. Mira Wilkins, *Maturing*, pp. 58-59.

43. Wilkins, *Maturing*, pp. 213-16, 240.

44. Wilkins, *Maturing*, pp. 20-21, 51; Wilkins, *Emergence*, pp. 107, 204

45. Vaupel and Curhan, *The Making of Multinational Enterprise*, p. 11. Asia here includes the Middle East. By comparison, in 1939, 72 of these 187 firms had established subsidiaries in Latin America and 116 in Europe.

46. Ibid. The figure of 153 given here includes Black Africa. It is likely that nearly all of the 32 firms with subsidiaries there also had Asian subsidiaries at that time.

47. "Statement of Policy by the National Security Council on United States Objectives and Courses of Action with Respect to Southeast Asia," June 25, 1952, NSC/124/2, *The Senator Gravel Edition. The Pentagon Papers.* (Boston: Beacon Press, 1971) I, pp. 385-86.

48. Jon Halliday and Gavan McCormack, *Japanese Imperialism Today* (New York: Monthly Review Press, 1974), Harry Magdoff and Paul Sweezy, "The End of U S. Hegemony," *Monthly Review*, October 1971, p. 8.

49. See for example "The First General Meeting of the Pacific Basin Economic Cooperation Committee," *Keidanran Review*, October 1968, pp. 45-50.

50. "America and Asia. The Old and the New," *Department of State Bulletin*, February 25, 1974, pp. 186-91.

51. "The Rise of the Pacific Basin," *Pacific Community*, V, 4, July 1974, p. 516.

52. Donald Sherk, "Post-Vietnam Asia," *Pacific Community*, V, 2, January 1974, pp. 242-44. The underdeveloped countries included in the above figures are Ceylon, Hong Kong, India, Indonesia, South Korea, Malaysia (including Singapore), Philippines, Thailand, Taiwan.

53. Donald Sherk, "Asia After Vietnam," p. 255; "Japan's Trade with Southeast Asia," *Oriental Economist*, March 1974.

54. Joyce Kolko, *America and the Crisis of World Capitalism*, chapter two

55. Philip McMichael, James Petras, Robert Rhodes, "Imperialism and the Contradictions of Development," *New Left Review* 85, May-June 1974.

56 Nishikawa Jun, "Toward Economic Independence of Southeast Asia," (mimeograph), p. 11. The total annual trade deficit of these nations averaged $3.960 billion between 1960 and 1970.

57. Nishikawa Jun, "Toward Economic Independence," p. 11.

58. Business International, *Organizing for Asia/Pacific Operations Structuring and Implementing the Plan* (Hong Kong, December 1972), pp. 6-7. The volume offers case studies of the strategy of U.S. firms including Chase Manhattan in organizing its Asian investments.

59. Nishikawa Jun, "Toward Economic Independence," p. 21. During the years 1967-72 U.S. investment in the Far East increased by 121 percent, that is at a more rapid clip than in any other region. *Business Asia*, November 30, 1973, p. 378.

60. Leonard Lupo, "U.S. Direct Investment Abroad 1972," *Survey of Current Business*, September 1973, p 28.

61. For two informed perspectives on the potential for U.S.-Japan clash in the years ahead see Jon Halliday and Gavan McCormack, *Japanese Imperialism Today*, and Herbert Bix, "Japan: The Roots of Militarism," in Mark Selden, ed., *Remaking Asia. Essays on the American Uses of Power* (New York Pantheon, 1974), pp. 305-61.

62. Malcolm Caldwell, "Oil Imperialism in Southeast Asia," in Mark Selden, ed., *Remaking Asia*, p. 39.

63. Leon Howell, "Wildcat Expectations," *Far Eastern Economic Review*, September 30, 1972, p. 44. The estimates include expenditures for transportation, marketing, investment and exploration.

64 *Survey of Current Business*, September 1973, pp. 26-27.

65. Hla Myint, *Southeast Asia's Economy in the 1970s* (New York. Praeger, 1973).

66 Business International, *Organizing for Asia/Pacific Opera-*

tions (Hong Kong, 1972), p. 32.

67. UNCTAD, *Trade in Manufactures of Developing Countries.* 1969 Review, TD/B/C.2/90, Table 12, p. 41, cited in Philip McMichael, et al., "Imperialism and the Contradictions of Development," pp. 99-100.

68. An excellent case study of a free trade zone is "Masan Free Export Zone: Beachhead for Japanese Recolonization of Korea," by the Study Group on Japan-Korea Relations, *Ampo, The Japan-Asia Quarterly Review,* VI, 3-4, Summer 1974, pp. 94-104

69. Joseph Lelyveld, "Americans in South Asia Scramble for Riches," and "U.S. in Southern Asia: The Military Role Changes But the Stakes Remain Large," *New York Times,* June 23 and 24, 1974.

70. A brief introduction to the intricacies of the Asia Dollar Market is contained in the *Far Eastern Economic Review*'s supplement on merchant banking, September 17, 1973, pp. 41-42.

71. *Pacific Basin Reports,* April 15, 1974, pp. 86-88; *Asia Research Bulletin,* June 1973, p. 1924.

72. Business International, *Financing Foreign Operations,* section on 'Regional Development Banks,' pp. 98-99 (1969 insert). This important source on global finance is periodically updated with looseleaf supplements.

73. *The Manila Times,* May 4, 1971; Alejandro Lichauco, *The Lichauco Paper. Imperialism in the Philippines, Monthly Review,* July-August 1973, pp 26, 29, 48.

74. Pomeroy, *An American Made Tragedy, Neocolonialism and Dictatorship in the Philippines* (New York: International, 1974), p. 42.

75. William Pomeroy, "The Philippines: A Case History of Neo-Colonialism," in Mark Selden, ed., *Remaking Asia,* pp 182-83. Corporate Information Center of the National Council of Churches in the U.S.A., *The Philippines, American Corporations, Martial Law and Underdevelopment* (New York: 1973), p. 11. "Economic Survey of Asia and the Far East, 1970" *United Nations Economic Bulletin for Asia and the Far East* (New York, 1971), p. 43.

76. Corporate Information Center, *The Philippines,* p. 13.

77. *Pacific Basin Reports,* October 1973, pp. 222-23; William Pomeroy, "The Philippines: A Case History of Neo-Colonialism," pp. 182-90; Pomeroy, *An American Made Tragedy,* chapter 3.

78. Corporate Information Center, *The Philippines,* p. 46.

79. International Finance Corporation in Asia (January 1974), pp. 18-19, William Pomeroy, *An American Made Tragedy,* pp 60-61; *Pacific Basin Reports* II, 1-2, January-February 1971, pp 55-56

80. Business International, *Financing Foreign Operations,* November 1973, p. 590; *Asian Development Bank Newsletter,* January 1975, p. 8, *Asia Research Bulletin* IV, 7 December 1974, p. 39. The discussion here of Philippine finance draws heavily on the research of Steven Miller in his unpublished paper, "American Banks in the Philippines."

81. *Asia Research Bulletin,* December 1973, p. 2738.

82. Corporate Information Center, *The Philippines,* p 48; *Ninth Annual Report,* Bancom Development Company, p. 4.

83. American banks hold controlling interest in at least 11 Philippine investment houses Steven Miller, "American Banks in the Philippines," pp.23-24, based on private correspondence with major American banks and corporate annual reports, Corporate Information Center, *The Philippines,* pp. 47-48, Pomeroy, *An American Made Tragedy,* pp. 61-72

84. Corporate Information Center, *The Philippines,* p. 47; *Financing Foreign Operations,* p 589.

85 *The Philippines,* p. 18.

86. *Asia Research Bulletin* III, 6 November 1973, p. 174, III, 9, February 1974, p 2496; *Pacific Basin Reports,* IV, 11, pp. 245-48.

87. *Asia Research Bulletin,* III, 4, September 1973.

88. *Pacific Basin Reports* III, 6, June 1972, pp. 173-83, provides a detailed account of the Asia Dollar Market and Asian finance.

89. *The Lichauco Paper,* p 74; Pomeroy, *An American Made Tragedy,* p. 39.

90. See in particular the works by Pomeroy cited above and *The Lichauco Paper.*

91 Pomeroy, *An American Made Tragedy,* pp. 141-45.

92. *The Lichauco Paper,* p 13.

93. *The Far East and Australia* (London· European Publication, 1973), p. 381.

New From California

Liu Shao-ch'i and the Chinese Cultural Revolution

The Politics of Mass Criticism

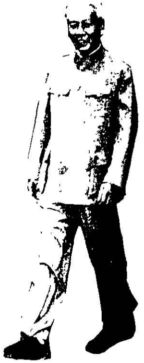
LOWELL DITTMER

Dittmer illuminates the policy-making process of a revolutionary state facing the diverging exigencies of economic modernization and political development. Liu Shao-ch'i emerges as the symbol of a systematic endeavor to combine order with revolution and equality with economic efficiency and technocratic values. In the end, he was overwhelmed by the sweep and depth of the revolutionary drive in China, as symbolized by Mao Tse-tung, and was destroyed politically. Yet his "road not taken" will endure as a meaningful point of reference in the political development of China.

400 pages, cloth $12.95, paper, $4.95

At bookstores

UNIVERSITY OF CALIFORNIA PRESS • Berkeley • Los Angeles • New York



The Politics of Southeast Asian Oil

by Michael Morrow

In 1883 a Dutch planter, A. J. Zijlker, was overtaken by a tropical storm while traveling on the island of Sumatra. Sheltering in a tobacco shed, he witnessed a watchman light a fire from wet twigs using a bamboo torch. He asked about the burning quality of the torch and the next day was taken to a small pond filled with a dark liquid. Soon after, Zijlker drilled the now-famous Telega Tila oil well in North Sumatra, and from its precarious derrick Royal Dutch Shell's global empire eventually grew Zijlker's venture and others like it launched the modern petroleum industry in Southeast Asia and linked the region's resources to the energy markets of the world. Today, in a decade bullied by energy problems, Southeast Asia is a growing source of oil and gas for the industrial markets of the world. Revenues from those markets are, in turn, increasingly influential in defining wealth and power within the region

I. Southeast Asia's Petroleum Boom— The Historical Context

The international oil industry has known about Southeast Asia for some time, but never with the same enthusiasm it has shown during the past decade. Southeast Asia now produces nearly 2 million barrels of oil per day (b/d), plus about 500 million cubic feet (c/f) of natural gas; most of this capacity has been developed during the past ten years.* Exploration, most of it offshore, is under way in every country except Singapore (which has no prospects) and Laos (which may have). For better or for worse, Southeast Asia is in the midst of a petroleum boom of dramatic import to its future

The petroleum prospects of Southeast Asia do not rival those of the Middle East. What has transpired to make the region the most active area of offshore exploration next to the North Sea? The explanation has at least three parts: technological innovations within the industry which have caused potential investors to reassess their chances of profits on exploration in the region; political developments in Southeast Asia and the Middle East; the emergence of Japan as one of the world's grand petroleum markets.

When discussing technological innovation, three items stand out: the offshore drilling rig, the computer, the cryogenic tanker. Offshore drilling got its start after World War II. Americans drilled the first well out of sight of land in the Gulf of Mexico in 1948. By the 1950s the American petroleum industry had gained its sea legs in the Gulf, the assault on the world's offshore reserves began. Shell brought the first offshore drilling rig to Southeast Asia — to the Brunei coast — in 1958. Shell's development of offshore production adjacent to its declining coastal fields established the precedent. Southeast Asia had become more than its relatively narrow coastal plains with underlying Mesozoic-Tertiary sediments and its overburden of hostile swamps, jungles and sometimes volatile politics. Southeast Asia now included the basins beneath the South China Sea, the Gulf of Thailand, the Andaman Sea, the Java Sea, and so on. As the oil industry took its jack-ups, floaters and semi-submersibles, Southeast Asia's vast areas of shallow seas with their promising sedimentary basins became targets for the drillers' bits.

The computer is the oilman's compass. Computer processing has come to have many applications in the oil industry — quick and sophisticated analysis of geophysical data the most strategic among them. Explorers have been able to cut the odds drastically in seeking out the "needle in the haystack." Their chances of finding petroleum-laden zones in millions of cubic miles of unexplored sedimentary basins have increased. The capital risk of exploration in virgin territory has lessened. Southeast Asia's continental shelf has become both approachable and conquerable by the oilman's science.

Southeast Asian oil exploration was long bedeviled by gas. The companies wanted oil but often all they encountered were invisible, pressurized vapors of methane — a clean, efficient source of energy but not commercially exploitable. Development of the cryogenic tanker — largely a product of French endeavor during the 1960s — plus related liquefaction and regasification systems, has changed all that. The region's gas, which may prove more abundant than its oil, can now be linked to the world's major energy markets. A gas bonanza is now technically possible.

The persistent advance of revolutionary movements in Indochina has sometimes distorted our understanding of the more general investment climate in Southeast Asia during the

* Indonesia is Southeast Asia's major oil producer with about 1.5 million barrels per day production capacity. Brunei and the Malaysian states of Sarawak and Sabah have a production capacity of about 350,000 b/d. Burma has about 25,000 b/d crude capacity. Brunei has the major gas project so far constructed, with present capacity at about 400 million c/f per day. Ancillary gas is being used on a limited scale for fertilizer production in Indonesia.

past decade. By the time American intervention in Vietnam had geared up fully in the late 1960s, the overall regional balance of power in Southeast Asia had shifted against the wave of left-oriented nationalism which emanated from World War II. The Malayan and Kalimantan revolutions had been suppressed, the Brunei rebellion put down, the Sukarno regime overthrown and the Indonesian Communist Party liquidated. Lee Kuan Yew was consolidating his control over Singapore and Marcos his over the Philippines. In Thailand, the eclectic mix of feudalism and fascism had not been seriously challenged. Burma, while hardly friendly to the international investor, advertised to its neighbors the option of a vague, half-baked socialism – the only kind of socialism the new mandarins of national power in the region have been willing to consider.

By the late 1960s, the major petroleum-producing areas of Southeast Asia – North Borneo and Sumatra – had been effectively pacified. The spirit of Bandung had spent itself and the threat of a more pervasive revolutionary politics in Southeast Asia had been further undermined by shifting priorities in Soviet and Chinese foreign policies. The two had become increasingly preoccupied with their own interests – and their own dispute. Both were growing more tolerant of – if not more participatory in – the global capitalist system. In sum, the near future no longer promised radical leadership as the norm for Southeast Asia, if indeed it ever had.

In Indochina, revolutionaries struggled valiantly to make possible a political-economic system antithetical to export-oriented foreign investment and financial dependence. Massive American intervention, however, guaranteed that even if revolution was to be successful it would be a long time in the process. Protracted bleeding of Indochina, of Vietnam in particular, lessened the likelihood that even a totally "red" Indochina could quickly exercise a major influence over the regional future and increased the possibility of accommodation between whoever might prevail in Indochina and international oil companies ready to promise big revenues to help heal war wounds.*

Singapore symbolized the new Southeast Asia. A "disciplined" city-state of 2.2 million people and only 226 square miles, it rose to rank after Houston and Rotterdam as third largest of the world's crude oil distilling centers – largely on the strength of high-speed diesel and jet fuel sales to American forces in Vietnam. Occasional voices, like that of Patrick Low, political scientist at Singapore's Institute for Southeast Asian Studies, questioned the wisdom of these developments:

> *Given the economic leverage which the American or Japanese governments possess over us, how genuine can our neutral foreign policy be? As it is, our supposedly neutralist policy is unashamedly compromised by our export of petroleum to South Vietnam. . . I think it is high time that our local social scientists begin to redirect their research to the economic and political dangers inherent in the creation of an economy heavily dependent on foreign investments.**

But those were voices in the wilderness. Mainstream Singapore was represented more accurately by a Singapore Economic Development Board report:

> *Even if the Americans should withdraw, continuance of the war by the South Vietnamese could mean that petroleum would still be required. In the event of peace returning to Vietnam, there would also be a need for petroleum in the period of reconstruction as well as for increased civilian needs. That 1969, which saw a run down of 150,000 troops, in fact saw a near 30% increase in petroleum exports to South Vietnam, augurs well for the future* †

Despite the Indochina War – in part because of it – the climate for petroleum investment has been good.

In the Middle East, on the other hand, the major oil companies were moving from one negotiating skirmish to the next. They were being forced to share and then to give up the high ground commanding price levels and rates of production for crude oil. Their own ranks had been weakened by "undisciplined" state-backed Japanese and European companies and smaller American firms. Their dependence on Middle East production had become increasingly gargantuan. Their cartel tactics were beginning to fail. New levers were needed.

The major oil companies sought to strengthen their hand beyond the Middle East. They moved into coal, oil shale, and nuclear power. Of more immediate importance, they sought to develop greater petroleum production capabilities outside the Middle East. "Either we are going to have our fate committed to those crazy Arabs or alternative fields must be developed in Asia, Africa and Latin America," was how one oilman put it.

---

* The intention here is not to belittle the importance of the Indochina War. I see the Indochina War to large extent responsible for the breakdown of the post-World War II monetary system, and indirectly for the crisis of relations between Persian Gulf oil producers and major oil-consuming countries. The "center of gravity" in Southeast Asian politics, however, lies somewhere on the island of Java – not in the Mekong Delta. "With its 100 million people and its 3,000-mile arc of islands containing the region's richest hoard of natural resources, Indonesia constitutes the greatest prize in the Southeast Asia area," Richard Nixon wrote in 1968. Accepting the domino theory to some extent at least, American strategists chose to fight the crucial battle on the periphery once they had pacified the heartland. The strategy resembles that of the French, who chose to put the prestige of their empire behind a small outpost in the northwest corner of Vietnam. As events of early 1975 have clarified, American imperialism has been Dien-Bien-Phued. But just as imperialism in Vietnam was not vanquished by the French defeat in 1954, imperialism in Southeast Asia has not been vanquished by the collapse of the American position in Indochina. Investor confidence may turn out to be drastically affected by the events in Indochina in 1975; that has yet to be the case. In the meantime, the largest and most substantial capital investments in Southeast Asia are taking shape. In Indonesia, for example, Japanese and American investors are staking a cool billion dollars on gas developments. See Leon Howell and Michael Morrow, *Asia, Oil Politics and the Energy Crisis* (IDOC, International Documentation, Nos 60-61, New York, 1974), for one analysis of the importance of natural resources in Vietnam and other parts of Southeast Asia to American strategy in prosecuting the war.

* Patrick Low, "Foreign Investments in Singapore," unpublished paper for local Student Christian Movement Conference, Singapore, April 1971 Low was dismissed from his job as an Indonesian researcher at Singapore's Institute of Southeast Asian Studies in 1973, ostensibly because he had only a master's degree. His dismissal came, however, after he repeatedly spoke out on the Vietnam issue and helped lead a demonstration at the U.S. Embassy.

† Koh Chr Siang, "The Impact of the War in Vietnam on the Economy of Singapore (1965-69)" (Economic Development Board, Singapore, June 1970).

For companies heavily dependent on the Middle East for crude supply, Southeast Asia offered an option.

The rush to Southeast Asia has been, in part, the rush of major companies to gain leverage in relationships with Middle East producing countries. Non-Arab producers cannot be held together by Arab nationalism or anti-Zionism. Moreover, any increase in the number of producing countries renders the task of maintaining solidarity among producing countries more difficult. This point pertains particularly if new members are anxious to increase their share of the export market and if their situations differ substantially from the old guard. A country like Saudi Arabia, with a relatively small population, exceptionally strong balance of payments, and command of about 140-billion-barrel reserves is in a stronger bargaining position against the companies. A country like Indonesia, with a very large population, relatively weak balance of payments, and only 13 billion barrels of reserves is not.

The new order of petroleum prices instigated by actions of the Persian Gulf oil producers in October 1973, and OPEC (the Organization of Petroleum Exporting States) the following December, has not only helped cause but has also facilitated the majors' move into Southeast Asia. Operational costs of $.50 per barrel for offshore production in Southeast Asia were once considered nearly prohibitive. But that was when a barrel of Middle East crude set the international bench-mark at about $1.25 – not more than $10. Indonesian crude which sold for about $1.70 per barrel f.o.b. in October 1970 now commands $12 60 – thanks largely to the aggressiveness of the Persian Gulf states in forcing an overall upward shift in crude oil pricing.

As prices have increased, moreover, an opportunity gap has opened in favor of Southeast Asian production. Preoccupied with visions of petrodollars flowing into their own treasuries, governments in Southeast Asia have been much less concerned than those in the Middle East with how much the oil companies earn. The situation has grown absurd. December 1974 Persian Gulf producers limited the international oil companies to $.34 gross income from sale of a barrel of Abu Dhabi crude set at $10.46 (f.o.b.). At the same time, under Indonesia's production-sharing contract, oil companies were grossing about $6.17 on a $12.60 barrel of Indonesian crude. Oil company revenues in Indonesia for the first half of 1974 totaled about $1.72 billion; the figure for all 1973 was "only" $1 7 billion. The profitability of Southeast Asian operations is not talked about, but, clearly, any company with production and a market for its oil has – thanks to the turn of events in the Middle East – one of the sweetest deals going in the history of the international petroleum trade.*

Growth of the Japanese market has also spurred investment in Southeast Asia. By the 1960s minor companies within the international oil industry – including fledgling Japanese explorers – were clamoring to get a toehold in the region. Shell, Esso, Mobil and Caltex all had producing fields dating from before World War II. But their operations were modest and not expanding rapidly. With global production already outpacing consumption and the challenge of the Middle East producers not yet a serious threat, they were in no hurry to open new areas. Smaller companies, encouraged by Japan's economic planners, nonetheless saw opportunity for themselves in developing the link between Southeast Asian petroleum reserves and the expanding Japanese market. Thus, by the mid-1960s, even before the overthrow of Sukarno and the turn-of-the-decade crisis in the Middle East, small-time operators like the California-controlled, Canadian-based company Refining Associates dickered over early production-sharing contracts for North Sumatran crude and leased tankers to move crude to Japan.

Before 1950, petroleum supplied only 7% of Japan's energy needs. The response of Japan's corporate leadership to falling oil prices (some also cite the decline of domestic coal production) brought the ratio to 50/50 by 1960. A decade later, 75% of Japan's energy derived from petroleum, almost all of it imported. Demand increased by 20.9% per year during the 1960s. In 1958 Japan ranked eleventh among petroleum-consuming nations. Ten years later it was third – and the world's largest importer.*

Southeast Asia's proximity to the world's largest and fastest growing national market contributed to investment growth. In addition to absolute growth of the market, two other factors have been important Polluted Japan's appetite for low-sulfur fuels, first of all, has grown faster than aggregate demand Awareness, secondly, that the country had been taken captive by Middle East producers and the major oil companies has stimulated the government to sponsor alternative sources of supply.

Year by year during the 1960s the problem of industrial poisoning increased in Japan. It became the subject of so much public outcry that government and big business could no longer ignore it. Ceilings on sulfur content in fuel oils were imposed, reducing permissible sulfur levels from 2.05% in 1965 to 1.01% in FY 1972. In 1973, the Japanese Federation of Electric Power Companies announced that effective FY 1977 sulfur content in power plant fuel would be reduced to .29%. These ceilings have necessitated, within the rising consumption pattern, a substitution effect – low sulfur Southeast Asian crude or natural gas for high sulfur Persian crude.†

It would be a mistake, however, to attribute the Japanese market connection to the expanding demand for low sulfur fuel alone. In FY 1972 more than 90% of Japan's oil came from sources not controlled by Japanese petroleum companies, almost four-fifths from the Persian Gulf. Japan has for some time been feeling the vulnerability of its double-faceted petroleum dependence. In the late 1950s Yamashita Taro, first president of the Arabian Oil Company, now Japan's

* See my article, "Coming to grips with petroleum profits," *Far Eastern Economic Review*, December 27, 1974, for elaboration on the revenue-sharing and production-sharing formulas applying in the Persian Gulf and Indonesia.

* Despite higher prices and shortages during FY 1973 (April 1973-March 1974), crude oil imports reached an all-time high of nearly 5 million barrels per day. Consumption for FY 1974 has been down for the first time in a very long time, by as much as 10% according to some projections.

† A historic July 1972 court ruling symbolized the new ground rules on air pollution Six companies were obliged to pay $290,000 compensation to 12 victims of industrial poisoning caused by emissions from a major industrial center. Indonesian crude increased its share of the Japanese market from 3.3% in 1969 to 11.3% in 1973, largely as a result of its increased use as a direct burning fuel for power plants and heavy industry.

largest national supplier of crude, told a Tokyo newspaper:

> *I think the problem of oil is most important, not only to Japan but to the world at large. Think of the Pacific War. Its cause was the blockade or prevention of movements of only some two million tons of oil. [Note: Equivalent to 14.6 million barrels, about three days' requirement at Japan's 1974 rate of usage.] It is oil that dominates the world.*

During the middle 1960s, while Royal Dutch Shell, Caltex and Stanvac were battling Indonesian nationalization, Japanese interests, with the support of Prime Minister Kishi Nobusuke, provided Indonesia's state oil company Permina (ancestor to present-day Pertamina) a market outlet and capital and entered into a production-sharing contract. A $53 million credit in the form of equipment, machinery, materials and technical assistance to Permina in exchange for crude oil negotiated by the "Kobayashi Group" became a cornerstone of Pertamina's continued growth during the troubled 1960s. By 1966 Indonesia counted as one of the two areas where Japanese companies had succeeded in securing their own production. "The young Colonel Ibnu [now Lt. Gen. Dr. Ibnu Sutowo, President-Director of Pertamina] had impressed me and my advisers as a good leader worth supporting," Kishi was later to remark.*

As Japan's use of petroleum has risen, so has concern in Japan's Ministry of International Trade and Industry (MITI), the keeper of the country's foreign economic policies, about the dominant position of foreign companies in the country's petroleum supply and the country's heavy dependence on the Middle East. In February 1967, the Petroleum Committee of Japan's Energy Council set a goal that Japanese companies should account for 30% of total crude domestic supply by 1985. MITI established the Japan Petroleum Development Corporation to function as a quasi-state petroleum exploration company in joint venture with Japanese private explorers to help meet this target. Southeast Asia has been an attractive area for Japan to assert itself in an attempt to increase control over its energy resources while reducing dependence on the Middle East. The overall strategy – which has come to include varied tactics – has yet to prove itself as Japan remains heavily dependent on Middle East crude supplied by the majors. But it has been most successful in Indonesia.

Nearly 215 million barrels of Indonesian crude were marketed in Japan in 1973; 27% of this came from Indonesian fields controlled by five Japanese suppliers – in contrast to only 13.7% of total crude import being in Japanese hands. Japan's aggressive strategy to tie up Indonesian petroleum has been expensive, but it is beginning to pay off. In May 1974 Japan Indonesia LNG, a blue-ribbon consortium of major Japanese corporate interests, concluded an agreement with Pertamina for an $892 million loan for the construction of two liquefied natural gas (LNG) plants. The deal is part of a package requiring Pertamina to deliver 7.5 million tons of LNG annually (equivalent to 180,000 b/d crude oil) for twenty years, with deliveries scheduled to begin in early 1977. (Pertamina accepted a $.99 million BTU base price when the deal was first negotiated in 1973; however, the price was tied to the price of crude. The gas is now valued at nearly $2 million BTU – probably the most expensive in the world.) A second agreement calls for Indonesia to provide about 100,000 b/d of crude to Japan at market prices for ten years in exchange for a $224.7 million untied soft loan.

Some experts doubt Japan will reach its 30% goal of oil independence by 1985, if ever. In attempting to do so, however, it has helped stimulate Southeast Asia's petroleum boom. The stimulus comes not just from Japanese activities, but the competition they have helped to generate. The international majors control nearly 50% of Japan's refining industry and supply a large percentage of the independent refiners. The logic of market control dictates efforts to prevent Japanese companies from developing independent sources of supply. Some investment by major companies has probably been pre-emptive. On the other hand, smaller American or European companies have been able to append themselves to the Japanese effort, offering their technical skill to Japanese companies in exchange for a portion of the venture capital and possibly a market connection in Japan.*

II. Oil and Development in Southeast Asia

In stark contrast to the growing bond between the Japanese energy market and Southeast Asian petroleum stands the alienation of local resources from home markets. Unlike the situation in Europe where local industrialization created the demand for energy which prompted development of coal reserves, Southeast Asia's energy demand to date has not been a major factor in determining the availability of investment capital in the region's petroleum resources. Indeed, bifurcation of local demand and local supply has been the dominant historical theme since the days when the competition ran high between Standard, Royal Dutch and the Samuel Brothers to light the lamps of China and bunker the ships of Her Majesty's trade.

Theoretically, Southeast Asia is already more than self-sufficient in petroleum. The reality is somewhat different: The region exports most of its crude oil and natural gas to Japan – meanwhile importing crude oil from the Middle East and various petrochemical products from Japan and other industrial areas. As consumers, Southeast Asian countries have faced escalating costs for imported petroleum and petroleum products as international trade in oil has become more and more the slave of cartelized pricing.

The actual production costs of crude oil range from something less than $.20 per barrel to around $1. The international price of that barrel f.o.b. is in the $10 to $13 range. Between lies a substantial "cartel tax," i.e., a segment of the price imposed by the oligopolistic characteristics of the petroleum business. A cartel "tax" also applies to the international pricing of refined oil, of petrochemicals, and even to the shipping and domestic marketing of these products. The

* Anderson G. Bartlett, III, et al., *Pertamina* (Amerasian Ltd., Jakarta-Singapore-Tulsa, 1972).

* The West Coast of the United States has, to a limited extent, also become a competitive market with Japan. For example, Pacific Lighting, a major West Coast gas supplier, fought Japanese utility companies for control of Indonesia's LNG developments. A compromise was reached, in which Pacific Lighting got a minor share of the gas for California's markets In the process, Indonesia's natural gas was given a more prominent place on the world's energy scene.

export-import triangle leaves the regional consumer fully exposed to cartelized pricing.

Southeast Asian competition remains extremely low on a per capita basis. (The average Indonesian uses only slightly more than half a barrel of petroleum a year while the average American uses over 25 barrels.) Access to petroleum products has grown increasingly polarized. (For example, increased fertilizer prices force the poorest farmers out of the market and give the richest additional opportunities for market control.) Self-sufficiency in such a situation is, indeed, a meaningless term, despite much loose talk which abounds about how the development of local resources is solving Southeast Asia's energy problems.

Various explanations are given for exporting crude oil and natural gas while importing from the Middle East. The most common one is that Southeast Asia's crude oil and gas get a higher price on the Japanese market than Middle East because of lower sulfur content; it is to a Southeast Asian country's advantage to export its petroleum at a premium price and import the cheaper Middle Eastern crude. The economics of this advantage don't manifest themselves very obviously: The import cost of a barrel of Middle Eastern crude runs around \$10.40 for the crude plus, say, \$1 per barrel for transport. The full f.o.b. value of Southeast Asian crude is \$12.60. The savings – before calculating profits of the oil company handling the transaction plus invisibles like hidden pollution costs due to the higher sulfur content of Middle East oil – is about \$1.20 per barrel. But is it? In fact, after the oil company's costs and profit have been deducted (and largely expatriated) from the \$12.60 valuation of the local barrel, the Southeast Asian government's earning on export of the barrel is only about \$6 40. More basic, however, is that the two-step trade denies the Southeast Asian consumer the possibility of acess to local petroleum at a price based on production costs (about \$.50 per barrel) instead of oligopoly. The "savings" on oil accounts can at least partially be called a loss to the non-oil sector of the domestic economy.

The price the Indonesian economy pays for a ton of fertilizer must accommodate the arbitrarily set profit margins of (1) Middle East oil-producing countries, (2) international oil companies; (3) Japanese refiners; (4) Japanese fertilizer manufacturers; (5) the regional shipping conference – among others. Earnings from petroleum sales must be spent to pay for these imports and to subsidize the price of fertilizer domestically so that it is somewhere within reach of farmers. Import prices tripled in the first six months of 1974 – not because the region's oil or gas cost significantly more to produce or the economics of local fertilizer production became significantly more difficult, but because Southeast Asia produces very little fertilizer and took the full brunt of price pass-ons and profiteering affecting the international fertilizer market in the wake of the "energy crisis."

Recently, the construction of fertilizer plants has come into fashion. Moves are under way in Indonesia, for example, to build enough fertilizer capacity for the country to be self-sufficient by 1980. But at least one planned fertilizer plant may not be operational due to a shortage of natural gas – the export market takes priority. Because of heavy commitments to the Japanese and American markets, choices may have to be made between local fertilizer and steel manufacture. There will not be enough in the immediate future for general power production. Urban industrialization, like that planned for Central Java, is being based on Middle East crude.

The petroleum investor and the state are in fact involved by the development and production of petroleum in a joint venture. Assuming commercial quantities of petroleum are discovered, the investor's entrepreneurship and other skills earn whoever presides over national coffers direct and almost immediate benefit: hard, cold cash. And, unless one is talking about a few billion dollars in a postage stamp emirate of only a few hundred thousand people, cash does not rest idle. Most government ministers have no difficulty justifying larger budgets to advance that segment of the national welfare which conerns them. The military inevitably needs money to secure the public safety. Political leaders usually desire "special funds" to bolster their power. Almost everybody wants perks to support bad habits. Petroleum revenues are addictive—and they are rarely enough. Indonesia's earnings reduce to about \$30 per person per year. Commenting on Iran, George Baldwin observed:

> *The few sensible people who understood were not in positions of political control, and the people in positions of control either did not understand or would not listen. If real trouble developed, the authorities seemed to think new loans could always be arranged, or the American government would bring the country back from the brink, or the oil revenues might be pushed up by pressuring the consortium for higher prices.* (Planning and Development in Iran, *Johns Hopkins Press, 1967, p. 58)*

The Southeast Asian test case is proving to be Indonesia's state oil corporation, Pertamina. The corporation's budget for 1974 was nearly \$2 billion, compared to total Indonesian government expenditures for the same year of just \$3.66 billion. Pertamina has come to oversee about 75% of Indonesia's gross foreign exchange and to virtually take charge of economic development in the country. In the process it has run up debts to private bankers of about \$1.5 billion. About \$600-\$900 million is due Pertamina's creditors in 1975, and the cool is beginning to blow in Jakarta.

In March 1975 the Bank of Indonesia was forced to move in to cover payments of loans to Republic National Bank of Dallas (\$45 million) and to a group led by Toronto Dominion Bank (\$60 million). First National City Bank of New York appears to be Pertamina's major creditor, with leverage over the entire Indonesian economy. Pertamina owes the government \$800 million in taxes by one estimate, but payment on this account—which is essential to social and economic development plans—now takes a back seat to the foreign debt.*

The easiest route to more money is more petroleum export at higher prices. The cost of producing a barrel of oil may not exceed \$.50, but governments are not prone to pay much attention to the minimum price at which petroleum can be obtained. Domestic price is sometimes stipulated in contracts between investor and government to reflect international price levels. Even where such is not the case (e.g., Indonesia) local prices are usually allowed to rise toward

* For details see "Roll me over in the clover," *Far Eastern Economic Review*, November 15, 1974; "Pertamina's Debt," *Petroleum News Southeast Asia*, April 1975; "A Shaky Empire," *Newsweek*, April 21, 1975.

international price levels—on the argument that maximum economic return (i.e., return to the state treasury or state oil corporation) follows a policy of maximizing revenue earnings from petroleum sales. The state is prone to see the nation as a producer of petroleum, not a producer-consumer. Local demand has the misfortune of being a drag on the cash flow of government as well as on the private investor; it can expect few favors. Many economists in the region—and the politicians who employ them—look at the flood of investment into export-oriented development of Southeast Asia's petroleum resources as an unmitigated good. In general they have pegged petroleum as a "black gold" whose worth is measured not by what you can do with it, but how much you can buy with it. Going one step further, they have glibly accepted that a barrel in the hand is worth two (or more) in the ground at a measure in hard currency determined by the prevailing international market price. The argument is highly suspect.

Like gold, only much more so, petroleum is also *functional.* You can make things with it: fertilizer, pesticides, plastics, food, etc. Moreover, petroleum's functional bent has one up on gold: it provides a practical source of mechanical energy. Petroleum makes machines go; properly used, it creates economic surplus and frees human labor. When petroleum is sold to an external market, the local economy surrenders potential energy forever. In return it gets a lump of currency, usually held in a foreign bank under control of the reigning political elite. That elite had to display no technical, administrative or entrepreneurial talent to collect on the sale of a population's birthright, no satisfaction-or-your-oil-back guarantee accompanies the transaction. History has demonstrated (e.g., Iran, Iraq, Venezuela, Indonesia) that petroleum revenues often tend to create a false and frivolous sense of wealth, to feed economic polarization and to strengthen corrupt or ineffectual leadership.

Oilmen have a saying: "After all, they can't drink it." And *they* all too often seem to agree. The functional—in fact strategic— attributes of petroleum are too often dismissed as irrelevant to a country like Indonesia with low energy consumption. Often neglected is the fact that the size of the local market may be constricted by price or limitations in physical infrastructure. A farmer who does not use fertilizer may not be able to afford it, or he may not have access to irrigation facilities necessary to make the fertilizer useful to him. Development goes hand in hand with eliminating many of these strictures. Southeast Asia need not plan for itself consumption patterns like those in the U.S., although ironically this is happening; the region already consumes more gasoline than any other refinery product, and the Asian Development Bank projects expenditure on motor vehicles as the major element of transport expenditure for Southeast Asia for 1970-90. But stimulating local demand for the most essential products would appear the first and most important burden to be met by local resources.

The point is not to deny categorically the petroleum trade between the region and the industrial markets of the world, but to establish long-term national welfare as the primary interest governing that trade. Some products from the refinery distillation process are incompatible with the local demand. For example, if the price of gasoline were raised to a level that suppressed rising consumption, creating surplus which could not be absorbed in naptha production (they are reciprocal products), gasoline could be exported to Japan at the full market price. Meanwhile the diesel, kerosene and other components in demand locally could be sold at prices determined within the context of an overall development plan. After planning long-term energy needs and carefully assessing proven and probable resources, a country might even conclude that it has sufficient resources to sustain maximum local demand past the deadlines for physical crisis in the global energy supply established by experts on energy modeling. At such point it would be reasonable to export less cautiously. The problem is that very little attention appears to have been given to local demand and to the problem of optimally directing local resources to meet that demand. Indeed, very little attention appears to have been given to long-term energy planning of any kind.

Two barrels in the ground may very well be worth one in the hand. The expediency which governs energy policy in the Southeast Asian region at present would be less serious if one could assume petroleum (or suitable substitutes for its varied functions) will be available tomorrow at a significantly lower political and economic price than today. That assumption belongs to a new world order—not to the present global system of "integrative imperialism" dominated by oligopolies.

III. Southeast Asia and the Energy Crisis

Energy crisis has become a media event splashing regularly across the front pages of our newspapers, periodically sending ministers of state trundling from one conference to another for inconclusive huddles on the fate of their respective economies—indeed on the fate of the world economy. The Arab governments have successfully (at least for the time being) forced a change in the terms of trade between petroleum and other goods. They have also forced the international oil industry to accept a less favorable split (in percentage terms) of profits on petroleum production.

Optimists are convinced that Middle East surpluses can be recycled through international trade and investment. Expanded military and industrial purchases by governments of oil-producing countries, coupled with a significant role for petrodollars in international finance, will buoy the global capitalist system despite the wrenching balance-of-payments difficulties of some oil-consumers. Inflation—part of it due to unrelated profiteering—tends to work in favor of the industrial center in redress of the balance of payments problem with the oil-supplying fringe. The increased costs of production can be passed along to the poorest countries and the poorest people, to absorb the temporary recessionary impact. Since these countries and people are least important to the international capitalist system of trade and investment, the impact on the system can be contained. The global economy will soon right itself.*

* This school can now cite the sharply reduced U.S. government estimates of how much money the Arab oil-producing countries will have for international investment for the next five years as evidence. Rather than the $1000 billion originally projected, Mr. Gerald Parsky, the Assistant Treasury Secretary, estimated in March 1975 that those countries would have only $200-$250 billion available. Mr. Hussain Najadi, Chairman of Arab-Asian Investments, Singapore, calculates only $137 billion. The lower estimates are based on higher costs of imported goods and higher estimates of domestic spending for petroleum-producing countries. See "Finding Channels for Petrodollars," *Petroleum News Southeast Asia,* April, 1975.

Pessimists lay their emphasis on the problems major industrial countries are having absorbing inflation within their home economies, the crisis of the international monetary system, the traumatic political effects of a contracting global economy, and the paralysis of major industrial countries in shaping policy responses to protect systematic interests. Pessi mists can point to the near bankruptcies of the Italian and British economies, the weakness of the Dollar and the Pound, and widespread unemployment (officially acknowledged as nearly 9% in the U.S.), among indicators suggesting that the global economy is on the verge of collapse.*

There is a tendency for the optimists to neglect "irrational" political factors—e.g., the potential for Arab governments to instigate the bankruptcy of the capitalist world, or at least to participate in a monetary crisis sufficient to create the great depression feared (or hoped for) by the pessimists. On the other hand, the pessimists neglect the highly rational plexus of international interests that makes it desirable for all players, the Arab governments certainly included, to find a way out of global "stagflation."

Time favors the optimists, but not necessarily the status quo. The energy crisis has continued an historical process which erodes American dominance of the international capitalist system, promoting in its place a more decentralized system of international oligopoly, in which, for the first time, a Third World elite has a position within the command structure. To some extent, this development promotes repressive politics. But the polarization of wealth and power within Third World countries has sharpened class antagonisms. The nature of the crisis has also promoted cognizance of the increasingly international nature of world economy and the need for international solidarity in class struggle. Some reasons exist to suggest that the general internationalization of the economic order developing from the need to better integrate labor, land, capital and energy will tend to internationalize the revolutionary response to international "integrative" imperialism.†

Some analysts see the emerging power of Persian Gulf governments as an unqualified boon to more just distribution of wealth and power for Third World people. In Southeast Asia at least, the possibility exists that a hybrid imperialism will grow from links between petrodollars and American, Japanese, and national bourgeois interests. From the standpoint of social revolution in Southeast Asia, the most positive impact of the energy price crisis stems not from the boost given Third World power, but from sharpened political conflict born of economic difficulties imposed on domestic political economies where wealth and power have polarized. Negatively, the money placed in the hands of elites in petroleum-producing countries and the encouragement given to mutually advantageous relations between them and foreign interests permit the entrenchment of the repressive status quo.

The Economist noted some time ago: "The thing to understand about the oil business is that it is more a political than an economic activity." This statement appears patently obvious in 1975. One wonders how it was ever debated. The impact of the "October Revolution" of Middle East oil producers so dramatically affected the global energy trade, and in particular public awareness of what it is all about, that there is a tendency to forget that the moves made by the Organization of Arab Petroleum Exporting Countries (OAPEC) were not sudden bolts of Third World wrath. The major actions of the Middle East producers in late 1973 coalesced around the issue of Israel. But their deeper and more fundamental purpose was to remake the division of wealth and power between the governments of oil-producing countries, the major international companies that control most Middle East reserves, and the industrial economies which use most of the world's petroleum. This purpose has its roots in the 1950s not in the 1970s.*

The international oil companies, if not the major petroleum consumers, were well apprised of the situation. Almost certainly they would have preferred history to develop differently. If nothing else, prices and profits have risen too abruptly and too disruptively for the likes of an industry that until recently has been able to avoid the public limelight and to proceed discreetly with its goals. But the alternative to reaching terms with the conservative potentates of the Persian Gulf has always been the less desirable one of not reaching terms. Whether the possibilities of expropriation, of revolution, or of war in the Middle East, the alternatives have gambled the primary assets of the oil companies in a game of political roulette less predictable than the political poker in which they were already engrossed.

Things have not been going badly. The companies still gross nearly $.35 per barrel at the well-head on Persian Gulf operations. As already discussed, they can now do *considerably* better on production from Southeast Asia (and from parts of Africa and Latin America as well). The major companies still control integrated systems which move the oil from the well, to the tanker, to the refinery, to the furnace or the fuel tank—permitting them to profiteer on price hikes and gain market leverage from the oil producers' reluctance to see a free market develop on the margins of the mainline oil trade. The higher price schedule for oil has facilitated the companies'

* See Ernest Mandel and Bill Warren, "Debating the World Recession," *New Left Review*, September/December 1974, for a discussion from a left-wing point of view, also "Banks Skating on Thin Ice," *Monthly Review*, February 1975, for a treatment of difficulties facing the capitalist banking system.

† In January 1974 two Japanese and two Palestinian guerrillas attempted to blow up Shell's Pulau Bukom refinery (Asia's largest) at Singapore. They targeted the refinery because of its role in supplying jet fuel for American planes bombing Indochina, to oppose Shell's imperialism and to promote the cause of the Palestinian people. The guerrillas were unsuccessful, and their tactics—which included holding three members of a ferry crew hostage—are open to some question. Coming when it did, however, their maneuver seemed to capture the spirit of the times.

* John Marlowe's *The Persian Gulf in the Twentieth Century*, published in 1962, provides an important historical reminder:

> *The first Arab Petroleum Congress, held in Cairo under the auspices of the Arab League in March 1959, was the first overt indication of this desire for a united producing country front . . The proceedings of the congress underlined the growing demand which existed in the producing countries for financial participation and for greater control of the exploitation of their oil resources It was clear that the oil "plantation" days, when oil companies regarded their Middle East concessions as a means of obtaining secure access to a cheap source of raw material, were over and that producing countries were beginning to expect an increasing share in the development of their greatest national asset.*

plans to transform themselves into energy companies. They are now better positioned than ever to play coal reserves or advanced technologies of nuclear or solar energy against the oil producers.*

It is likely that more companies will follow Ashland Oil's lead in conceding Iran a share in its New York gas station chain in exchange for production rights to Iranian crude. And countries will inevitably start pressing harder for this kind of thing.† But the process we are watching is not revolution. It is *integration.* A Third World element is being integrated into the command group of the global oil system on the principle that if you can't beat them let them join you—the color bar is coming down on the board of directors so to speak. This does not mean everyone loves one another. It does not mean that the ultimate accommodation has been reached. But it does mean that the politics of "big oil" probably has a greater tendency toward stability over the medium future than the headlines of the past two years have led us to believe.

More money is now being spent on exploration in Southeast Asia than in the Middle East—a situation that cannot be justified on the economic face of things. If the situation in the Middle East stabilizes, investment capital is likely to return there. On that score alone, Southeast Asian governments had better not count their petrodollars too quickly.

Other areas closer to the Japanese market have begun to emerge. From the Japanese point of view, for example, Siberia, Sakhalin, North China and the East China Sea Basin are rival options to Southeast Asia, particularly as American companies have already become well-entrenched in Southeast Asia. Just as the North Sea promises to eliminate much of the European dependence on Middle East reserves within ten years, so exploration near Japan might affect Japan's demand for Southeast Asian petroleum. Already, Peking has given up trying to squeeze $12.80 from the Japanese for low sulfur crude from fields in Northeast China. China has agreed to double its crude exports to Japan in 1975—to 8 million tons (about 59 million barrels)—taking payment in U.S. Dollars at $12.10/barrel. That makes Chinese crude $.50/barrel cheaper than Indonesian crude, even before lower transport costs are calculated.**

Meanwhile, recession plus elasticity of demand for petroleum at the new price levels have taken the edge off the Japanese market. Japan's 5.4 million barrel total refining capacity was about 25% under-utilized during the first half of the past fiscal year (April-September), and Japan's total demand for FY 1975 will be down for the first time in well over a decade. Southeast Asia's "tiffany crude" has been particularly affected. Japan's low sulfur imports from Indonesia, for example, have seen a continual decline during the past year—from 3,423,000 barrels in April 1974 to about 400,000 in February 1975. Japan's access to comparable Chinese crude at a lower price will enhance the argument—certain to be picked up by Japanese negotiators—that Southeast Asian crude must be brought down in price.

The argument that Southeast Asia—even for the short term—is economically better off for the energy crisis is open to considerable question. Indonesia, Malaysia and Brunei have indeed scored substantial windfall gains thanks to the efforts of Persian Gulf governments Most other countries have incurred serious losses. Even when petroleum revenues create a favorable impact on aggregate income, real losses are suffered in other sectors where higher petroleum prices and their general inflationary effect act as a drag on economic surplus and productivity. Internal transport costs are higher. Freight rates for imports and exports have increased. Intermediate petrochemical cost increases have affected the price schedule of various industries. Steel and cement prices have tended to increase construction costs. Etc. The bloom has come off the commodities market (though some primary products—e.g. natural rubber—have gained a more-or-less permanent advantage on the world market against petroleum-based synthetic substitutes). Manufacturing is stagnant as contraction of the world economy afflicts the international arteries of trade and finance. In general, agricultural inputs like fertilizer, pesticides, kerosene and diesel fuel now cost the farmer more—with all that means for unequal income distribution. (The small farmer, one might hypothesize, is in full retreat, being priced out of the market for items essential to raising productivity; alienation from the land is increasing; migration to the cities accelerating; poverty in the cities deepening.)

The energy crisis has hastened a restructuring process already at work in the global economy. The post-World War II capitalist system was shaped by the bipolar realities (and

---

* In 1974, before a late-December decision by Persian Gulf producers to create a single well-head price of $10.46, companies with Persian Gulf production paid $9.80 and outsiders $10.77 At the same time, in Japan for example, affiliated refineries were being charged around $10 per barrel; non-affiliated refiners around $11 f.o.b for the same barrel. According to Chase Manhattan Bank, worldwide profits of 30 of the largest oil companies soared 93% during the first six months of 1974. See "Shell's Coal Plans [for Indonesia] Firming," *Petroleum News Southeast Asia*, March 1975.

† "With tankers a drag on the market, British Petroleum has jumped at a chance to form a joint fleet with Iran. . . . Under its new agreement with Teheran, the company may receive up to $500 million for a share of its remaining fleet and will benefit further when Iran compels crude buyers to ship their products in BP-National Iranian Oil Co. bottoms. . . ." *Newsweek*, April 28, 1975.

** Petroleum relations between Japan and the Soviet Union, and between Japan and China, comprise one of the most important international political problems of the decade. (See "Oil: A question of politics," the *Far Eastern Economic Review's Asia Yearbook 1975*, for one discussion) It is worthy of note that security considerations have led China to put aside tenets of its own development strategy in order to sell crude to Japan. (*Petroleum News Southeast Asia* reports in April that China is having to consider importing Kuwaiti oil until its own production increases enough to cover the outflow) Peking obviously gives very high priority to dissuading Japan from a Siberian petroleum link.) Japan's dependence on the American-dominated oil industry is probably also a factor When Tokyo and Seoul signed an East China Sea continental shelf agreement in January 1974, China called it "an infringement on sovereignty," but made clear the basis of its pique was that China had not been involved in the deal, which called for joint development of certain areas: ". . it stands to reason that the question . . . should be decided by China and the other countries concerned through mutual consultations." China's oil reserves are now estimated at 300,000 million barrels—compared to 356,000 million in the Middle East The East China Sea Basin is considered by many experts one of the most desirable shelf areas yet unexplored. If the Peking-Tokyo petroleum link continues to develop, it could, of course, have considerable effect on the political future of Asia, indeed of the world at large.

myths) which rested upon the destruction of Europe and Japan. The American dollar was ascendant, American industrial capability and entrepreneurship central. Reconstruction of the Western European and Japanese industrial base in ancillary relationship to the American economy was the first priority. Subjugation of Third World economies to the raw material—and later market—needs of the industrial economies was also essential.*

That system has been changing for many reasons. One of the most important among them is the growing dependency of the U.S., but particularly of Europe and Japan, on external resources.† One of the most important effects of the energy price crisis has been to create a more urgent need for Japan, in particular, to export both energy-intensive and labor-intensive industry toward Third World areas where the factors of production are cheaper. The pressure to balance accounts with Middle East countries will make that region an increasingly important target of investment. But Southeast Asia, because of its abundant supply of cheap labor, its potential market size, and its location on the main trade route between the Middle East and Japan, will almost without doubt receive a significant share of Japanese heavy industrial investment abroad as—or more cautiously *if*—the global capitalist economy begins a new round of expansion.

Middle East crude can be imported into Southeast Asia at cheaper transport cost than to Japan and used without desulphurization Refineries and petrochemical plants can be sited more cheaply, and without expensive measures taken to prevent pollution. Satellite industries can be developed to manufacture intermediate and final products. These products can be used to maintain competitiveness internationally and to penetrate domestic economies. Profits can be repatriated. Economic and social costs to the local population can be largely ignored. The pace at which this investment will arrive is difficult to forecast, but, assuming global recession is shaken off and relative political stability is maintained outside Indochina, it will come. Governments, one can predict with some assurance, will welcome this investment as they struggle to make their economies grow faster than the discontent of workers, peasants and the lumpenproletariat—reasons of personal wealth and power aside.

New price levels have made the economics of uniting local resources—particularly efficient natural gas—with other local factors of production embarrassingly obvious. Saturation of the export market for crude, at least for the moment, supports the logic of home use. The orientation of petroleum development in Southeast Asia, however, is toward the Japanese market. Domestic integration runs into serious problems. In Malaysia, for example, Exxon has balked at Kuala Lumpur's pressuring the company to build a pipeline to the Malayan Peninsula from its new offshore gas field at the mouth of the Gulf of Thailand, with a domestic grid to disperse the gas to industrial centers throughout West Malaysia. The goal of the international oil investor remains maximum profits; the best markets for petroleum have—to date at least— always been the major economies; and marketing across borders has usually meant less price control and other restrictions than producing for local markets.*

Steps have been taken to relate Indonesian natural gas to fertilizer and steel production. But planning is based on using *marginal* supply left over after commitments to the Japanese and American market have been made. Since international demand for gas remains high, the Indonesian government will probably have to (and likely prefers to) curtail domestic use in order to meet foreign commitments and acquire foreign exchange.

There is good reason to suggest that Southeast Asia is on the eve of a period of heavy industrialization and general "modernization" of the economy. There is no iron law which denies that increasing amounts of local petroleum will be used in local industry†—in fact it would seem increasingly difficult to thwart this happening if vested interests coalesce around the industrial sector of the economy, and Southeast Asian demand for petroleum takes on volume and a fast growth rate. But the process involved implies foreign-dominated enclave growth and uneven capital development, the Rostowian nightmare so to speak.

Do alternatives exist? As early as 1938, in much more difficult circumstances, the Mexican government began to demonstrate that a poor and technically backward country of medium size could carry out its own petroleum exploration, production and downstream development. The Australian government, treating petroleum as part of a public sector within a basically capitalist economy, is implementing a long-term, domestic-oriented energy strategy anathema to the international oil companies; the Democratic Republic of Vietnam is experimenting with a formula of joint venture with the Italian state company ENI and a private Japanese firm in which Vietnam is given much greater control over develop-

---

* President Eisenhower, speaking at Gettysburg in 1959 "One of Japan's greatest opportunities for increased trade lies in a free and developing Southeast Asia. . . . The great need in one country is for raw materials, in the other country for manufactured goods. The two regions complement each other markedly. By strengthening Vietnam and helping insure the safety of the South Pacific and Southeast Asia, we gradually develop the great trade potential between this region . . . and highly industrialized Japan to the benefit of both. In this way freedom in the Western Pacific will be greatly strengthened." To the extent that American involvement in Indochina has been the product of vested interests in petroleum and other natural resources, it would seem broader geopolitical concerns of this sort, rather than a specific concern for the potential resources of Indochina, have most affected American policy.

† Other factors include the decline of the Cold War; fiscal irresponsibility of American policy planners committed to prosecution of the war in Indochina abroad and inflationary growth strategies at home; strength of the European and Japanese economies; expanded importance of transnational business with interests wedded to various Third World enclaves.

* The companies have learned this lesson from their experience in the U.S. Regulation of gas prices at below international price levels has subsidized U.S. industry for years, much to the exasperation of the petroleum producers, who have withheld investment in domestic American gas development in an attempt to break controls. When the Labor government came to power in Australia in 1973, and the gruff Minister for Minerals and Natural Resources, R.F.X. Connor, cancelled plans to export Australian gas in favor of a national grid, the companies involved turned cold on oil development in the region. These and other "anti-industry" moves have dealt a death blow to Australia's offshore boom. (Unruffled, Mr. Connor perseveres.)

† Unless it be an iron law of the environment which will put the human race at a final cul-de-sac of energy supply or industrial growth.

ment of its resources than under the production-sharing or concession agreements current in Southeast Asia. China has shown what self-reliance and close integration of local resources within a socialist growth strategy can accomplish.*

The problem, of course, is that any discussion of alternatives is, first of all, a discussion of politics. Desirable alternatives—at least from this writer's point of view—imply at least evolution toward a socialist strategy of resource use. That means redistribution of power. The task is significantly harder than developing alternative models. A socialist strategy of energy use would seem to presume a protracted struggle in which the contradictions within the international petroleum system, and between that system and external systems of wealth and power play their part. The first goal would appear to be exposing the fallacy that Southeast Asia's best option lies with export-oriented development of resources within the existing political economy of the oil and gas trade—regardless of changes in the power balance that have taken place between oil-producing states, the international oil industry and the major consuming states during the past few years.

Major Sources

1. *Far Eastern Economic Review*, 1974.
2. *Japan Economic Journal*, 1974.
3. *Japan Petroleum Weekly*, 1974.
4. *The Economist*, 1974.
5. *Asia Yearbook 1975*, the *Far Eastern Economic Review*, Hong Kong, December 1974.
6. *Petroleum News Southeast Asia* (Hong Kong monthly), 1973-April 1975.
7. Leon Howell and Michael Morrow, *Asia, Oil Politics and the Energy Crisis*, IDOC/International Documentation Nos. 60-61, 235 East 49th St, New York, New York 10017, 1974.

* Redirection of petroleum toward the home market is a battle won, but if petroleum is used to concentrate wealth and power domestically, and the petroleum sector is managed along principles of narrow state-capitalism, it can remain a most regressive force—both in political and economic terms—on a country's development. Mexico's experience provides the clearest example. Development of petroleum in a socialist manner requires a certain centralization of wealth and power within the state, and it re-enforces the centralizing process. That is the nature of the beast (and one argument for socialist governments leading the way in developing technologies of solar energy and other more community-oriented energy sources). State capitalism that masquerades as socialism is inadequate. Petroleum used to run state industries to an ever-enlarging economy of scale for maximum profit of the state must be constrained by a concern for social, economic and political costs implied by enclave growth, concentration of state power and destruction of the environment. Economic nationalism does not suffice as a socialist strategy either. In fact, fascism has historically kept close company with extreme nationalist strategies of petroleum use and development. ENI was created under Mussolini; both Taiwan's and Spain's state oil corporations are models of the economic nationalist approach. See *Petroleum News Southeast Asia*, January 1975, for more on North Vietnam's joint-venture relationship; and July 1974, for one treatment of China's approach to energy modeling.

JOURNAL of CONTEMPORARY ASIA

KOREA—A Special Issue

June 1975 marks the 25th anniversary of the outbreak of the Korean War, a conflict which uncannily prefigured the later American war in Vietnam. To commemorate this occasion, the Journal of Contemporary Asia has issued, as Vol. 5, no. 2, a special issue on Korea. Principal contents are:

Ellen Brun and Jacques Hersh
Aspects of Korean Socialism
Cheryl Payer
Debt Trap—South Korea's Economic "Miracle"
J. Gittings: Talks, Bombs and Germs—Another Look at the Korean War
J. Halliday
People's Struggle and Bourgeois Scholarship
W. Burchett
The Struggle for Korea's National Rights

For a copy of this invaluable collection of new assessments of the Korean situation, send $3.30 to the Stockholm address or to:
JCA, c/o Malcolm Caldwell, SOAS, Malet St., London WC1E 7HP
JCA, c/o Stephen Resnick, Economics Dept., UMASS, Amherst, Ma. 01002

Annual Subscription Rates.

Individual	$12
Institutions/Libraries	$20
Individual (Third World Resident)	$ 8
Libraries/Institutions (Third World)	$15

Payment must accompany order. Price for current volume only.

Editors: Malcolm Caldwell, Jon Fast, and Peter Limqueco

Business Address: Journal of Contemporary Asia, Post Office Box 49010, Stockholm 49, Sweden. Postgiro #: 85 10 55-3.

MEMBER
COSMEP
COMMITTEE OF SMALL MAGAZINE EDITORS AND PUBLISHERS
BOX 703 SAN FRANCISCO, CA 94101

North Korean Chuch'e: The Political Economy of Independence

by Gordon White

My purpose in this article is to describe how a small socialist state—the Democratic People's Republic of Korea (DPRK) or North Korea—has attempted to defend and expand its national independence. The leadership of the DPRK has made the concept of political independence, embodied in the idea of *chuch'e* (also spelt *juche*), the cornerstone of its domestic and international policies. I shall look first at the origins and content of *chuch'e* and then describe how it has been put into practice in the sphere of economic policy.

Thanks to the work of people such as Baran, Frank and Dos Santos, we already understand a great deal about the political economy of national dependence. I hope that this analysis of the DPRK's attempt to promote economic self-reliance will sharpen our awareness of the factors involved in the political economy of national *in*dependence. This is a time of trends towards the development of supra-national economic forms, whether as a result of the usual pressures to specialize and trade in the international capitalist market, the growth of multinational corporations, or the closer coordination of socialist economies under COMECON. Thus it is important to ask how a small, ex-colonial and, until recently, poor society has designed and implemented a strategy of autarkic or self-reliant economic development.

I. The Origin and Development of *Chuch'e* as an Ideological Concept

According to Kim Il-song, speaking in 1972, "all policies and lines of our Party [the Korean Workers Party or KWP] emanate from the *juche* idea and they embody this idea."[1] But the concept did not emerge fullgrown with the foundation of the DPRK in September 1948. It has deeper roots in the history of modern Korean anti-imperialist thought and, specifically, in the experiences of Kim Il-song and his guerrilla band in Manchuria during the struggle against the Japanese in the 1930s. It developed into its present form, moreover, in response to a succession of political circumstances after the establishment of the DPRK, achieving primacy in the late 1950s and the 1960s. Scholars in the United States, notably Chung, Scalapino and Lee, tend to present *chuch'e* as merely a defense-mechanism against the unreliability of the Soviet Union as an ally or aid-giver, or as a cynical tool used by Kim Il-song to discredit opposition factions within the KWP.[2] These "virtue out of necessity" or Machiavellian approaches tend to ignore the more fundamental cultural, historical and political aspects of the idea.

In the broader perspective of modern Korean history, *chuch'e* can be seen as a response to the earlier traditions of *sadae* ("rely on the great") and *mohwa* ("emulate China"), characterized by political reliance on and cultural deference to imperial China.[3] These ideas had a major influence on the foreign policy of the imperial Korean elite and resulted in a conscious effort to model Korean institutions on those of a "superior" foreign society. In the late nineteenth century, however, *sadae* came to be used disparagingly by Korean nationalists to describe the behavior of those sections of the elite which collaborated with foreign powers bent on dominating Korea. In the words of C. I. Eugene Kim and Han-Kyo Kim, in their study of Korea's response to Western and Japanese imperialism in the late nineteenth and early twentieth century, "*sadae* had become a mental fixation that discouraged self-reliance."[4] Kim Il-song recalled the problems of the late imperial period in an address to military cadres in 1963:[5]

> *In the last days of the feudal society of the Yi dynasty, the situation of our country was particularly appalling. People were not concerned with saving the country by their own efforts; on the contrary, different factions did their utmost to get the assistance of foreign powers in order to achieve their partisan ends whenever something happened. So, some secured the backing of Russia, others the backing of Japan and still others the backing of China.*

Viewed as a reaction against this political and cultural tradition, *chuch'e* is an important component of modern Korean nationalist ideology, shared by communists and non-communists alike. It has been an important theme, for example, in south Korea in the successive mass movements over the past three decades demanding national reunification and independence from the United States and Japan.[6]

The origins of *chuch'e* can also be traced back to the early political experiences of its chief exponent, Kim Il-song. Born into a rural family active in the opposition to Japanese rule, he became involved in communist politics in the late 1920s. He fought against the Japanese in Manchuria as a partisan leader between 1930 and the early 1940s, withdrawing to the Soviet Union's Far East, probably in early 1941, when the pressures of Japanese counter-insurgency became too great. Thus, although his rise to power in northern Korea after the end of World War II was clearly aided by Soviet political support, he had a solid record of over a decade of anti-imperialist activities and had considerable prestige as a guerrilla hero.[7]

Chuch'e also reflects a desire to reassert the distinctiveness of Korean culture after systematic Japanese attempts during the colonial period to subordinate it to Japanese culture. The assimilation policies of the colonial authorities extended to Korean language, religion, education, dress and nomenclature. The program was intensified in the late 1930s, moreover, as the Japanese tried to maximize support for their war effort among the population of the colonial territories. In 1938, Korean-language instruction was prohibited in primary and secondary schools; an attempt was made to indoctrinate pupils in Shintoism; schoolchildren were pressured to speak Japanese both in and out of school; and Koreans were forced to take Japanese names.[8] The north Korean leadership has emphasized the need to efface the legacy of this period of humiliation by developing Korean culture and protecting it from further foreign depredation.[9] More recently, the "American way of life" has been seen as a cultural threat. Though some American influence has apparently reached the North as a re-export from Eastern Europe, the north Koreans are clearly reacting to the displacement of Korean cultural values by the process of "coca-colazation" in south Korea.[10]

Chuch'e is also prescribed as an antidote to a feeling of inferiority vis-à-vis foreign, notably European, ideas and institutions. Kim Il-song has criticized, for example, the "tendency of unconditionally regarding everything in European countries as advanced and blindly idolizing it" and the idea that Korea can never catch up with the "advanced" European societies.[11]

Seen in this cultural context, therefore, *chuch'e* is a form of psychological decolonization, an attempt to rid the consciousness of the Korean people of the stunting influences of the Japanese period and to prepare them for the task of transforming Korea into an advanced and independent nation. At the same time as it strengthens the cultural identity of the North, moreover, it strengthens common bonds with the South and thus eases the transition towards eventual reunification.

Let us now turn to the evolution of *chuch'e* as a political theme in north Korean politics after the country was liberated in 1945. It cannot be argued that Kim Il-song originated the concept since other communists and leftists were arguing for self-reliance in the immediate postwar period. Kim did succeed, however, in elaborating the theme and developing its full political potential. Although he did not introduce *chuch'e* by name until 1955, a survey of his writings and speeches in the early postwar period shows clear signs of the idea in an embryonic form. In speeches in 1946 and 1948, for example, he castigated those Koreans laying too much stress on the importance of foreign institutional forms and attacked the notion of the inferiority and incompetence of Korean society:[12]

> *The path our Party has travelled and the realities in north Korea have completely belied the imperialists' slander· "Being an inferior nation, the Korean people are incapable of governing the state, and they cannot have a powerful political party." We are now legitimately proud that the Korean nation, ranking among the advanced nations of the world, is credibly administering its country and has a political party capable of shaping the destinies of the country and the people.*

On the eve of the November 1946 elections, Kim issued a warning to people who believed that power was real "only when it is framed up by someone from above or forcibly introduced from without by a foreign country."[13]

In the early years, moreover, the educational system was reorganized to lay more stress on Korean language, culture and history,[14] and the determination to establish an eventually self-sufficient economy was expressed.[15] On the one hand, the new organs of representative power, the land reform and the united front policies adopted by the new government combined institutional innovation with selective borrowing from both Soviet and Chinese models. On the other hand, as in China in the early 1950s, the Soviet imprint on the new institutional structure was quite marked. Official statements contained frequent references to "the great Soviet people, the Red Army and Comrade Stalin"[16] and the fledgling DPRK, established in 1948, was heavily dependent on the Soviet Union economically, politically and militarily. At the same time that Korean culture was being revived large doses of "advanced Soviet culture" were prescribed for Korean consumption and study of the Russian language was given high priority.[17] These two sets of themes–Korean nationalism and the Soviet model–were to coexist in official statements and in practice, the latter gradually losing ground after the Korean War until the concept of *chuch'e* was institutionalized and generalized in the early 1960s.

Kim Il-song first specifically introduced the idea of *chuch'e* in a December 1955 speech, "On Eliminating Dogmatism and Formalism and Establishing *Juche* in Ideological Work."[18] Judging from the political context of the speech, it is clear that Kim was reacting to several political trends which he perceived as harmful to Korea's future continued heavy reliance on the Soviet Union in spite of proven Soviet unreliability as an ally in the Korean War; the preference shown for Soviet or Chinese institutional models and political practices by certain leadership elements in the KWP; and the consequent danger of north Korea being "deKoreanized" and losing control over its own political destiny, thus threatening the goal of reunification.

The idea of political self-reliance became an issue in the disagreements between KWP leaders during 1955 and 1956. Kim criticized the head of the KWP Propaganda Department, Soviet-born Pak Ch'ang-ok, for giving Soviet and other foreign literature, history and art precedence over Korean. He cited examples of disregard for indigenous culture:[19]

> *I noticed in a primary school that all the portraits hanging on the walls were of foreigners such as Mayakovsky, Pushkin, etc., and there were none of Koreans. If children are educated in this way, how can they be expected to have national pride?*

Kim criticized mechanical imitation of Soviet or Chinese forms, from ideological theory to mundane matters such as the phrasing of newspaper headlines, paintings on hostel walls and national dress[20] and cited an incident from the Korean War to illustrate his point:[21]

> *During the war, [several comrades] once quarrelled stupidly among themselves over the problem of how to carry on political work in the army. Those from the Soviet Union insisted upon the Soviet method and those from China stuck to the Chinese method. It is important in our work to grasp revolutionary truth, Marxist-Leninist truth,*

and apply it correctly to the actual conditions of our country. There can be no set principle that we must follow the Soviet pattern. Some advocate the Soviet way and others the Chinese, but is it not high time to work out our own?

The resemblances between the arguments in Kim's 1955 speech and statements by Chinese leader Mao Tse-tung on the need to "sinify" Marxism-Leninism and break free from institutional imitation are striking. Compare, for example, Mao's critique of Soviet and other foreign-influenced Chinese Communists in May 1941:[22]

[Too many comrades] are not ashamed but proud, when they understand very little or nothing about their own history . . For the past few decades, many returned students have been making this mistake. They return from Europe, America or Japan, and all they know how to do is to recite a stock of undigested foreign phrases. They function as phonographs but forget their own responsibility to create something new.

Both Mao in 1941 and Kim in 1955 were engaged in factional struggle and their words were weapons. But they were both grappling with a deeper cultural and political problem—how to reshape foreign ideas and institutions to fit a particular society and tradition. Thus the purpose of Kim's 1955 speech was similar to Mao's Rectification Campaign of 1942-44—to bring about the "koreanization" or "sinification" of Marxist ideology. In his 1955 attack on the adoption of inappropriate Soviet *institutional* models, however, Kim preceded the similar Maoist reaction in China by three years.

The mid to late 1950s and early 1960s saw several major institutional innovations which were specifically Korean solutions to Korean problems: a distinctive rich-peasant policy during agricultural collectivization, the Chollima movement for rapid economic development, the Taean Work System for industrial management, and the Chongsan-ni Method for agricultural management.[23] Political education increasingly focussed on the theme of learning from the "revolutionary tradition" of Kim's anti-Japanese Korean partisans in Manchuria.[24] The Soviet and Chinese experience was thus replaced by an indigenous political tradition as an object of emulation. By the Fourth Party Congress in September 1961, *chuch'e* was established as the major principle underlying Party policy.

The policy implications of *chuch'e* were expanded further in the early 1950s. Economic self-sufficiency was one of the major goals of the Seven Year Plan (originally scheduled for 1961-1967). With the deterioration of relations with the Soviet Union during 1962-63, moreover, the principle was extended to the realm of defense policy, resulting in large increases in budgetary outlays for military purposes. By 1965, the concept had crystallized into a comprehensive political theory which Kim expounded at length in two important addresses: a lecture at the Ali Archam Academy of Social Sciences in Indonesia on April 14 and his report to the Celebration of the 20th Anniversary of the KWP on October 10. In the former, Kim states the concept in its comprehensive form:[25]

. . . our Party has made every effort to establish Juche *in opposition to dogmatism and flunkeyism towards great powers.* Juche *in ideology, independence in politics, self-sustenance in the economy and self-defense in national defense—this is the stand our Party has consistently adhered to.*

This basic formulation of the concept, referring to ideology, politics, economics and defense, has remained consistent from 1965 to the present. *Chuch'e* formed the basis of the DPRK's ten-point political program announced in late 1967[26] and was discussed in extenso by Kim in his report to the Fifth Congress of the KWP in 1970 and in an interview with Japanese journalists in late 1972.[27] Kim has consistently pointed to the glaring contrast between north Korea's independent stance vis-à-vis its great power neighbors and south Korea's continued heavy dependence—economic, military and political—on the United States and Japan.

II. *Chuch'e* and the DPRK's Economic Development Strategy

I shall now discuss the specific ways in which the concept of *chuch'e* has been translated into economic policy. This is a complex problem involving a wide range of political and economic considerations: disagreement within the Korean leadership over the correct economic strategy; relations between the Korean economy and other socialist economies, notably those of the COMECON group; trade relations with communist and non-communist countries; the comparative importance of economic and political criteria in framing economic programs; and the political and social costs of different sets of economic choices.

In 1946, Korea was an agriculture-dominant economy, even in the North where most of the Japanese-sponsored industrialization on the peninsula had taken place.[28] In 1946, agriculture comprised 59.1% of the GNP and industry 23.2%. During the colonial period, the emphasis in industrial policy was mainly on the production of raw materials and processed goods for export to Japan—mineral ores, metals, marine and timber products. Though a chemical industry existed (10.1% of industrial output in 1944), it was oriented towards the production of war-related chemicals and explosives for the Japanese military effort. The foreign trade of Korea as a whole was almost exclusively geared to Japan (until World War II, Japan and its empire took over 93% of Korean exports and provided 94% of its imports) and imports were mainly manufactured goods such as machinery and textiles. In agriculture, land use was highly fragmented and land ownership very unequal. Industry was overwhelmingly Japanese-owned and managed and, at the end of World War II, was depleted by lack of maintenance and Japanese sabotage and in sore need of skilled workers and trained managers.

The economy of northern Korea in 1945 clearly conformed to the classic model of colonial dependence: a mal-integrated industrial structure linked to external needs; emphasis in investment on extractive and initial processing industries; export of primary products in return for manufactured goods imported from the metropole; dependence on the metropole for managerial talent, capital and technology. For heavy industrialization, however, the northern sector provided a potentially more favorable base than the South. In 1940, for example, 86% of Korea's heavy industry was situated in the North and by 1944 the North produced

88% of Korea's fuel, 78% of its minerals, 98% of its metals, 92% of its electricity and 82% of its chemicals. In the field of light industry, the South was dominant, producing 74% of Korea's total output value in 1940. But the location of industries was distorted by the logic of colonial relations with Japan and the railway network skewed by the priority of communications between Japan and the puppet state of Manchukuo (rails ran from north to south and lateral east-west lines were lacking).

In the early years, the North relied heavily on Soviet advice, techniques, institutional models and aid. But Kim's aim from the beginning seems to have been to reorient a dependent and lopsided economy producing raw materials and semi-finished goods to a balanced and comprehensive economy producing manufactured goods. As industry expanded, it was envisaged that the primary nature of the economy would change from agro-forestry to industry. Quantitative questions of growth were seen as inextricable from qualitative questions of structure, the latter being the key to economic independence. In a talk on state industry in 1948, Kim described his goals as follows:[29]

> *[We] have become more firmly confident that it is quite possible for us to develop the national industry independently . . . [We] should not send out to foreign countries the raw materials which we extract from the abundant domestic sources, as in the bygone days of Japanese imperialist rule, but should proceed in the direction of processing all of them at home to produce finished goods.*

After the North's industrial capacity was bombed to rubble during the Korean War, reconstruction plans continued to emphasize the qualitative reorientation and geographical redistribution of industry required for economic decolonization. In a major speech on postwar rehabilitation, Kim diagnosed the situation as follows:[30]

> *Out of sheer necessity the Japanese imperialists built a deformed colonial-type industry in our country in the closing years of their colonial rule . . . They built industrial establishment in places convenient and easy to ship materials from Korea to their own country . . . This is apparent above all in the fact that they set up all major plants on the east and west coasts of our country . . . In the rehabilitation and construction of industry, therefore, we should not follow the course of mechanically restoring the destroyed factories on their former sites, but should redistribute industry.*

Technical aid was to be accepted from abroad, but the underlying aim was self-reliance:[31]

> *We have invited a large number of technicians from the Soviet Union for postwar rehabilitation. Our task in this connection is to learn technique from them sincerely and quickly . . . Our technical personnel must strive to study the necessary advanced technique at the earliest possible date and thus become trustworthy technical cadres capable of tackling all technical problems independently. This is one of the most important tasks facing the management workers and technical personnel at present.*

In the Three Year Plan (1954-1956) for reconstruction after the Korean War, state investment policy gave priority to industrial sectors such as machine-building, electricity, mining and metallurgy. Heavy industry was given precedence over light industry and agriculture, and a similar weighting was built into the Five Year Plan (1957-1961). The nationalization of industry was completed and agricultural collectivization carried out between 1953 and 1958. Consumption for the short term, it was argued, had to be restricted to allow investment in the capital goods necessary for laying the basis for comprehensive industrialization, national self-reliance, rapid growth-potential and expanded levels of consumption in the future.[32]

Although the initial Three Year Plan after the Korean War was clearly successful, certain sections of the leadership had reservations about the wisdom of maintaining such a scale of priorities. Opposition figures such as Pak Ch'ang-ok called for more emphasis on light industry to meet the consumer needs of the population. There is evidence to suggest, moreover, that the new leadership in the Sovet Union gave indirect support for a change in economic policies. Apparently annoyed at not being adequately consulted in the process of framing the new Korean economic plan, they expressed their reservations in the speech made to the Third Congress of the KWP by the Soviet representative, Leonid Brezhnev.[33] He alluded to "difficulties" which the Koreans would meet in their Five Year Plan and argued indirectly for a greater degree of attention to consumer needs and the agricultural section. In later speeches, Kim Il-song was to allude to this domestic and foreign opposition to the priorities of the Five Year Plan. In his speech at the Ali Archam Academy in 1965, he referred to the disagreements of the mid-1950s in the following terms:[34]

> *The anti-Party elements lurking in the Party, and the revisionists and dogmatists at home and abroad were very critical of the line of guaranteeing the priority growth of heavy industry simultaneously with the development of light industry and agriculture. They cast slurs on our Party line, alleging that "too much stress is being put on the building of heavy industry while the people are leading a hard life," "machines do not provide food" and the like. Their argument was that everything had to be applied to immediate consumption without being the least concerned about the future. It was, in the final analysis, aimed at preventing our country from building its own economic foundations.*

In his speech at the DPRK's twentieth anniversary celebration in October 1965, moreover, Kim said there had also been opposition from "revisionists" abroad to the Korean priority on economic autarky.[35] It was this issue which became one of the major causes of friction between Korea and the Soviet Union in the early 1960s.

In the socialist camp as a whole, the late 1950s saw greater stress placed on the idea of international economic integration and national specialization.[36] The early postwar years of autarkic national economic planning gave way to attempts, in the period 1949-54, to coordinate foreign trade plans between the Soviet Union and the Eastern European socialist countries. From 1954 onward, the principle of coordination was extended to include national production and investment plans, with the process gaining momentum after 1958. Greater coordination led to resistance from a number of states: the Czechs protested about the development of an

automobile industry in Poland; the GDR refused to abandon the production of heavy caterpillar tractors; and Rumania stood firm over the building of the Galati steel complex.

The DPRK acquired observer status in COMECON in 1957 and in 1958 it seemed that the Koreans would be willing to associate themselves more closely with the Community. However, as Köhler points out, closer cooperation with Asian socialist countries never materialized, with the exception of Mongolia. But the rising pressure for integration in the late 1950s came into conflict with the Korean desire for economic autarky. The Koreans clearly saw trade as an important part of their development strategy. They needed to import both machinery and raw materials such as coking coal, synthetic rubber, oil, wool, sugar and cotton. But they were unwilling to pay the costs of integration which would, in their eyes, have led to economic and therefore political dependence on the Soviet Union.[37]

Korean resentment surfaced in early April 1963. President Ch'oe Yong-gon delivered a speech to the Supreme People's Congress praising China's economic progress and rapid recovery from the economic results of Soviet pressures Ch'oe noted that China "has succeeded in replacing most imported raw materials with home materials and producing with its own techniques many kinds of machines that could not be manufactured until recently."[38] Shortly afterwards, a long editorial in the KWP paper *Nodong Sinmun* provided a full analysis of the policy of economic self-reliance. It argued that economic independence was a precondition for political independence and for the construction of an integrated economy, particularly in ex-colonial nations where industry was weak:[39]

> *[Each] country must develop its economy in a many-sided way; each country must grow into an independent economic unit which is run with its own technique, natural resources, raw and other materials and by its own efforts and personnel.*

The Soviet Union was criticized on several counts, not by name but by the cryptic tag "some people":[40]

> *Economic enslavement, exploitation and plundering of the backward agricultural countries by the industrially developed countries and, on this basis, political domination of the former by the latter—this typifies the mutual relations between countries in the capitalist world. But it is both impossible and impermissible for such phenomena to exist between socialist countries. . . Some people, who while talking about independence, equality and non-interference in internal affairs, disapprove of independent national construction and are in fact denying the sovereignty and equality of other countries*

While the editorial welcomed the idea of international cooperation, it rejected some of the arguments for closer international economic coordination:[41]

> *What will happen if attention is directed only to "traditional production," to "natural economic advantages," to the "gains" [i.e., profitability] and thus to the development of a few limited departments of production? The national economy of the country in question will become lopsided and, moreover, be paralyzed without economic aid from other countries. If only the traditional productive departments are developed, formerly industrially underdeveloped countries in particular will remain forever in a backward state without modern industry.*

In October 1963, the same ideas were expressed even more forcefully:[42]

> *[Certain] persons doggedly oppose and obstruct the line of self-reliance and of building an independent economy in the socialist countries. They brand the construction of an independent national economy as a "nationalistic tendency" or a "closed economy" and accuse it of being a "politically dangerous and economically harmful" line . . . [They] allege that a comprehensive economy developed in a many-sided way can be built only in big countries. This means in the final analysis that the other countries should develop only a few limited branches of economy and always have a one-sided economy.*

International inequality and dependence were seen as inherent in the COMECON ideal of integration and division of labor.[43]

> *Those who oppose the building of an independent economy advocate, instead, the establishment of an "integrated economy" of the socialist countries . . . The enforcement of an "integrated economy" will reduce in the long run the economy of each socialist country to an appendage of the economy of one or two countries, and subordinate it to the interests of the development of the economy of one or two countries . . . Then the differences in the level of development of the socialist countries will not be eliminated, but rather widened, and the dependency of a backward country on the developed will remain unchanged.*

When the Soviet Union replied by mentioning their previous aid to the DPRK, the Koreans retorted by accusing the Russians of exploitation:[44]

> *In rendering aid after World War II, you furnished us with equipment, stainless steel plate and other materials at prices much higher than world market prices and took away from us scores of tons of gold, quantities of valuable non-ferrous metals and raw materials at prices much lower than world market prices.*

The Korean rejection of Soviet plans for integration was not without cost: it was one of the factors, for example, which led to the postponement of the completion of the Seven Year Plan from 1967 to 1970. After the credibility of the Soviet military guarantee embodied in the 1961 Korea-Soviet treaty declined and military aid was shut off for several years, a greater percentage of state expenditure had to be devoted to defense. Soviet manipulation of aid and possibly trade arrangements hampered the achievement of the Plan's original targets.[45]

The concept of economic autarky has remained basic to north Korean economic strategy since the mid-1960s. In his report to the Fifth Congress of the KWP in late 1970, for example, Kim outlined the "further strengthening of the *Juche* character of our industry" as a major goal of the new Six Year Plan.[46] Though the structure of industry was, according to Kim, "well-balanced" and relied mainly on domestic raw materials, development between branches was uneven and "we still depend on foreign countries for some raw materials." One

of the tasks of the new Plan, therefore, was to strengthen weak branches and "wage a dynamic struggle to base [industrial] expansion entirely on the raw materials available in our own country," with the aim of 60-70% self-reliance in raw materials, with particular stress on the iron and steel industry. The principle of economic autarky was also written into the new Constitution of the DPRK, adopted in December 1972, a whole chapter of which is devoted to economic questions.[47] Article 4 states that *Juche* is the guiding principle of DPRK politics and Article 2 includes an "independent national economy" as one of the three foundations of the society. It seems likely, therefore, that economic self-reliance will remain a key political goal of the north Korean regime for the foreseeable future.

III. Self-Reliance in Economics: An Evaluation of Policy Effectiveness

(a) The causes and achievements of north Korean economic development

Although quantitative economic growth is an important aspect of Korean plans for economic self-reliance, primary attention must be paid to the analysis of qualitative structural factors. In his report to the Fifth Congress of the KWP in 1970, Kim Il-song made the following claim:[48]

> *[The] historic task of socialist industrialization has been carried out successfully in our country and . . . a once colonial agrarian land far removed from modern technical civilization has now been turned into a socialist industrial state with modern industry and highly developed agriculture. . . Our people, never again to suffer all those insults and contempts because of their backward economy, can now proudly enter the international arena as a mighty and advanced nation on an equal basis with all the other nations of the world, large and small.*

The statement is clearly seasoned with rhetoric and exaggeration (and seems to contradict north Korea's claim to be a member of the Third World), but the basic message—successful industrialization—is valid. Rapid, though uneven, industrial growth has been accompanied by important structural changes.[49] Industry had become the dominant economic sector by the mid-1950s and had risen from 23.2% of the GNP in 1946 to 63.2% by 1963 (agriculture declined from 59.1% to 19.3%). The percentage of the labor force in industry rose from 12% in 1946 to about 42% in 1963 (the proportion in agriculture, forestry and fisheries decreased from 75% in 1946 to 42.8% in 1963). Adequate statistics are unavailable after 1963 but it is likely that these changes continued at a slower rate.

The relative prominence of different industrial sectors has also changed markedly. Although mineral ores (15.7%), metallurgy (13.3%), timber-related products and timber (20%) and the marine industry (11%) comprised 60% of total industrial output in 1944, their combined share had declined to 15.8% in 1960. On the other hand, the share of the crucial machine-building and metal-working industries rose from 1.6% in 1944, to 21.3% in 1960, to 31.4% in 1967. As for light industry, textiles increased their share of total industrial product from 6% in 1944 to 18.6% in 1963. Other industries which were fairly well developed in the Japanese period have been restructured to serve the wider priorities of the economy. Chemicals, for example, was reoriented away from production for the Japanese war machine to the manufacture of synthetic import substitutes to reduce dependence on imported raw materials and chemical fertilizers to raise agricultural productivity and promote self-sufficiency in food grain.

These changes are also reflected in the product composition of foreign trade. At the end of the 1950s, the main export commodities continued to be raw materials, primarily mineral ores. During the 1960s, however, there was a trend towards the export of ores already processed into pig iron or rolled steel and manufactured goods such as electric motors, transformers and machine tools. According to Chung's figures, minerals decreased from 81.7% of exports in 1953 to 7.2% in 1969, while metals increased in the same period from 9% to 40%.[50] The nature of imports also changed from a predominance of machinery, factory equipment and consumer items to raw materials, fuels (notably petroleum and coking coal) and sophisticated machinery which could not be produced at home.

Thus the contemporary north Korean economy seems to be well on the way towards the economic structure characteristic of an advanced industrial state. rapidly rising per-capita income (estimated at about $500 in 1974) and per-capita industrial output, industrial predominance in the GNP, and a shift away from primary to secondary industries, notably sophisticated and strategic industries such as machine tools.

In north Korea, a great deal of the credit for these successes is attributed to the leadership of Kim Il-song and the KWP. It is important to assess the extent to which the industrialization of north Korea is the result of political choice and consciously directed institutional change on the one hand, or the product of various environmental or external factors, such as the availability of abundant natural resources, a pre-existing industrial base or foreign aid.

As mentioned earlier, the northern part of Korea did have the beginnings, in quantitative terms at least, of an industrial base in 1945. But Koreans lacked technical and managerial skills because of overwhelmingly Japanese ownership, management and technical coordination. Moreover, most of this industrial base was destroyed in the Korean War. Thus, though it was an advantage in comparison with south Korea, this base cannot be viewed as the decisive factor in the modern industrialization of north Korea.

The fact that north Korea is rich in minerals and other industrially relevant resources is an important structural condition.[51] The North has 300 different kinds of minerals of which about 200 are of economic utility. North Korea ranks among the top ten countries in the world in both available deposits and production of such crucial minerals as gold, tungsten, magnesite, molybdenum and fluorite. It also has substantial deposits of asbestos, aluminum, chromium, copper, lead, silver, zinc, nickel, iron ore and coal. Being a mountainous region, the potential for electricity generation is good. For a relatively small country, therefore, north Korea's resource base was favorable for a strategy of industrialization which stressed heavy industry, the major lacunae being oil and bituminous coal for coking. In this respect, north Korea enjoys an advantage over many Third World countries of comparable size and population.

One should not overestimate the influence of these two factors of historical industrialization and natural factor endowments. Simon Kuznets makes the following important point in his study of the economic growth of small nations:[52]

> *The existence of a valuable natural resource represents a permissive condition, facilitates—if properly exploited—the transition from the pre-industrial to industrial phases of growth. But unless the nation shows a capacity for modifying its social institutions in time to take advantage of the opportunity, it will have only a transient effect.*

In other words, institutional, cultural, social and political factors—not merely technology or natural resources—are the key determinants of modern industrial development. Korea's homogeneous population and long history of cultural continuity and national identity have contributed to the stronger sense of community and greater social coherence which, Kuznets argues, are advantageous for a small society's economic development. To these factors must be added the crucial impact of politics: the extraordinary success of the KWP leadership in mobilizing the support and commitment of the general population to the national goals of independence and economic development; the unprecedented degree of mass involvement in political organizations (an estimated 11-12% of the total population, or 25% of the adult population, are members of the KWP); the ideological appeal of *chuch'e* as an expression of both national and individual aspirations; "mass line" leadership theory and practice;[53] and the distinctive role of Kim Il-song as the supreme leader and national symbol. The Party has also contributed to rapid economic development by raising the level of skills and human welfare among the general population through the use of the Korean Han'gul writing system instead of Chinese characters to improve literacy, the provision of a free and well-equipped medical system, the popularization of compulsory technical education up to and including senior high school, a rapid increase in the number of technicians and other specialists with tertiary qualifications, and a stress on education as a lifetime task for the individual, not merely as a transient stage of one's youth.

The role of the national leadership has also been crucial. At three major junctures—after the Korean War, during the formulation of the Five Year Plan in 1965, and at the time of disagreement with the Soviet Union over international economic integration—political choices have been made, among competing options, to maximize the goal of comprehensive industrialization and economic self-reliance. If different decisions had been taken at any of these junctures, then the structure of the north Korean economy and its relationship to the Soviet Union might have been very different today.

To what extent was north Korean economic development the product of foreign aid?[54] The primary stress since the foundation of the DPRK has been on development through the mobilization of domestic resources. After the ravages of the Korean War, however, there was substantial aid from socialist nations in the form of grants and loans, the Soviet Union being the chief donor. Immediately after the Korean War, the Soviet Union provided a grant of $250M and China $200M, supplemented by a credit of $265M from Eastern Europe. At the beginning of the Five Year Plan in 1956, the Soviet Union provided another grant of $75M and a credit of $125M. China provided a credit of $25M in 1958 and a long-term loan of $105M in 1960. In the same year, the Russians cancelled a north Korean debt of $190M.

In general, the importance of aid declined over the decade after the Korean War. Foreign aid was important during the period of reconstruction, but its role had declined by the Five Year Plan (1957-1961), which was overwhelmingly financed by domestic savings. The major source of finance for the 1957-1961 industrialization program was the agricultural tax in kind, but this was abolished de facto in 1965 (*de jure* in 1966) as industry developed the capacity to generate the necessary capital. After the deterioration of relations with the Soviet Union in 1962, aid levels dropped and became unreliable, and it seems that aid has not been a crucial factor in north Korean economic development over the past decade.

It is important to note, moreover, that the initially large amounts of external aid were used to minimize future reliance on aid, i.e., to finance imports of capital goods intended to create the material basis for an autarkic industrial complex rather than consumer goods to raise living standards in the short run. Thus the Chinese credit of $25M in 1958, for example, was used to finance the import of a power station and a textile mill.

(b) Specific policies for economic self-reliance

The north Korean leadership has thus played a key role in successfully restructuring and developing the economy without prolonged or excessive reliance on foreign aid. The basic question remains: how self-reliant is the Korean economy at this higher stage of development? The north Korean leaders have succeeded in creating an economy which is not dependent on foreign aid, but how successful have they been in dealing with other forms of economic dependence? The development of a more balanced and comprehensive industrial system has alleviated the problem of lopsidedness, and industrialization has moved the country away from the status of a mere primary producer dependent on more advanced economies for manufactured goods and technical knowhow.

But these trends per se have not necessarily solved the problem of dependence. It can be argued, for example, that as a small nation becomes more advanced, it becomes *more* dependent on external sources of raw materials and components because of the expanded needs created by increased economic sophistication. Changing the composition of exports from primary to manufactured products, moreover, does not necessarily solve the problem of adequate and stable markets, though it clearly eases the problem since markets for manufactured goods tend, on the whole, to be more stable than markets for primary products. If the markets remain heavily concentrated, however, the problem of dependence remains. The problem of agricultural self-sufficiency is also significant. Has the reorientation of the economic structure away from agriculture created a reliance on external sources of food, thus diverting foreign currency away from the import of capital goods necessary for continued industrialization?

The north Korean leaders have been aware of these problems and, basic domestic economic strategy aside, have responded in two ways. They have attempted to increase the *autarky* of the economy by expanding the available supplies of

domestic natural raw materials through exploration, by encouraging import substitute industries, and by increasing the production of synthetic raw materials. Secondly, they have taken steps to increase their dergee of *autarchy* in economic decision-making by diversifying foreign economic ties—between China and the Soviet Union on the one hand and between communist and non-communist trade partners on the other.

Beginning in the mid- and late 1950s, the DPRK has mounted a determined effort to become as self-sufficient as possible in raw materials. The Seven Year Plan, announced in 1961, included a series of measures designed to establish a "stable raw material base."[55] This involved the stepping up of exploration work to discover fresh sources of minerals and energy; the expansion of extractive industries,[56] an emphasis on the economical use of available resources, notably iron, timber and electricity; the use of resources available in abundance to substitute for those in short supply (for example, investigating methods of using anthracite instead of coking coal in the smelting of iron); the design of industrial processes and communications equipment to suit available resources (for example, the electrification of railways and urban transport); the use of chemical processes to produce synthetic substitutes for imports (notably synthetic fibres such as vinalon, synthetic ammonia, urea made from anthracite, artificial leather to replace rubber in consumer goods such as shoes, synthetic rubber and resins and the chemicals necessary to make aluminum from domestic bauxite).[57] Scientific research has been directed towards the solution of these problems.[58] The aim of 60-70% self-sufficiency was included in the current Six Year Plan (1971-1976). The major resource deficiencies are coking coal and oil, for which Korea still depends heavily on China and the Soviet Union. Kim noted in his report to the Fifth Party Congress in 1970 that the country could not afford to import the coking coal necessary for projected industrial growth, implying that satisfactory substitutes had still to be found.[59] On the problem of petroleum, though no major oil finds have yet been announced, exploration continues and, according to cadres I talked to in Pyongyang in 1974, "the signs are good." In the meantime, there has been an attempt to ease the problem by building two oil refineries with Soviet assistance to reduce dependence on Soviet refined as opposed to crude oil.[60]

The desire for self-sufficiency in food-grains was a major motive behind the greater priority assigned to state investment in agriculture in the late 1960s and 1970s. The DPRK was a net importer of food-grains throughout the 1960s. Part of this deficit can be explained by the policy of exporting rice and importing wheat products because of the favorable price ratio between the two commodities and the consequent increase in nutritional value from the exchange. Part of the problem resulted from previous under-investment in agriculture and the unfavorable ecological conditions of the North, notably the lack of arable land. Thus one of the major goals of the extended Seven Year Plan (1961-1970) and the Six Year Plan (1971-1976) has been to raise agricultural productivity through increased inputs of machinery, electric power and chemical products. A program of tideland reclamation was also launched. In 1969, a surplus was registered in the import and export of food-grains, and good agricultural performance in the early 1070s suggests a continued capacity to maintain self-sufficiency (grain production rose from 5M tons in 1970 to 6M in 1973).

In the field of light industry, import substitution has been systematically applied and the role of local industry has been stepped up to meet consumer needs. As any visitor to north Korea can attest, most consumer goods, from talc to TVs, are made domestically. There are continuing problems, however, in terms of quality (too low), variety (too little) and prices (too high). Many of these problems, of course, were the inevitable result of placing heavy emphasis on defense and heavy industry and, by the early 1970s, as the economy matured and the level of defense spending declined, consumer spending was stimulated by price cuts and wage rises

In the field of heavy industry, production has been geared to the needs of the domestic market for machines and plant equipment, and a systematic program of import-substitution was adopted.[61] In his report to the Fourth Congress of the KWP in 1961, Kim Il-song claimed that Korea was already producing medium- and small-size machines for domestic use as well as metallurgical and power-generating equipment, vehicles, rolling stock, tractors, locomotives, excavators and other types of heavy machinery.[62] Self-sufficiency in tractors and trucks was claimed by 1963.[63] The brand name of the trucks was, significantly enough, *Charyok Kaengsaeng* or "Self Reliance." Imported electric locomotives were too expensive, Kim told foreign journalists in 1969,[64] so Korea decided to build its own and by the early 1970s, a surplus was being exported to the Soviet Union and Eastern Europe

By the Fifth KWP Congress in 1970, Kim was able to report on the production of a large range of heavy equipment (such as large power presses, heavy trucks, large tractors, bulldozers, electric and diesel locomotives, 5000-ton ships and precision machines) and complete sets of plant equipment for power stations, metallurgical and chemical factories.[65] Harrison Salisbury, who visited north Korea in 1972, reported that the country was 98% autarkic in machine tools and that the quality of the equipment was comparable to the Soviet equivalent and superior to the Chinese.[66] A Soviet source in 1973 described the production of metal-cutting lathes, large refrigerator ships, hydraulic turbines, electromotors and transformers, tractors and trucks, electric locomotives and freight cars.[67]

Given the limitations of the domestic market, however, the north Korean leadership has been faced with the need to find reliable foreign markets for excess production, and with the general issue of what level and structure of foreign trade are compatible with the idea of *chuch'e*. Up to the early 1960s, north Korea's foreign trade was in deficit and the balance was made up by aid and long-term credits.[68] During the 1960s, however, surpluses were registered in 1962, 1966 and 1967. A relatively large deficit ($82 7M) occurred in 1969, however, and the sparseness of trade figures after that date makes it difficult to assess the performance of the early 1970s. Foreign trade expanded rapidly during the 1960s, rising faster than the growth in national income between 1961 and 1967 (11.9% compared to 8.9%). In spite of an accelerating trend towards diversification, trade is still heavily oriented towards other socialist countries. In 1967, for example, out of a total trade volume of $500M (the GNP in 1967 was $2.7B), 87% ($434.2M) was with other socialist countries, of which $387M was with the Soviet Union ($218M) and China

($169M).[69] It is these two markets which provide the major outlets for Korean manufactured and intermediate items such as machine tools, electric motors, transformers and steel products (Soviet Union), and machine tools, industrial chemicals, tractors and cement (China).

Though earlier attempts to diversify trade relations were impeded by the U.S.-sponsored embargo, in the late 1960s and early 1970s the DPRK mounted a considerable effort to increase trade with non-communist countries. The estimated increase is from $65.8M in 1967, to about $90-100M in 1969, to around $200M in 1972 (as a share of total trade, it rose from 2.4% in 1961 to 27.3% in 1969).[70] Trade relations with France and Japan have grown significantly. Trade with the former rose from $15 8M in 1970 to $31.8M in 1972. Contracts were signed with the Société Krebs in 1970 for the construction of skin and hide treatment plants and, in December 1971, with a leading French chemical concern, Speichim, for construction of a $40M petrochemical complex (this is to be fuelled by Russian oil).[71] Trade with Japan expanded rapidly from $36M in 1967, to $57.7M in 1970, to $131.2M in 1972.

But diversification brings its own problems and there are signs that the north Korean leadership does not want to take the process too far. Kim, in a speech in late 1967, emphasized the "primacy" of the "world socialist market," declaring that trade ties with capitalist countries were of "secondary importance."[72]

> *[The] socialist market enables the newly independent states to realize their surplus industrial goods and farm produce and purchase foreign industrial equipment, raw materials . . on the principle of complete equality and mutual benefit.*

Here Kim implicitly recognized the advantages which Korea might lose by too radical a reorientation of trade ties away from the socialist economies. The greater potential for barter trade with these countries allows for the payment of imports through exports rather than foreign exchange.[73] Moreover, trade agreements with the Soviet Union and China tend to be relatively long term and would thus insulate Korea from fluctuations in price and demand in the international capitalist market. This does mean, of course, that trade is more susceptible to direct political manipulation, but Korea was able to withstand Soviet economic pressures in the early 1960s by a combination of reliance on China and domestic mobilization of resources. The conditions for successful resistance to such pressures seem more favorable in the early 1970s. The economy has become more autarkic, Korea has re-established friendly relations with China, and the potential for reorientation towards other trade outlets, notably Japan and Western Europe, is much greater than a decade ago. The continuance of the Sino-Soviet dispute probably aids the DPRK in bargaining for relatively favorable terms of trade.

Another important advantage of trade relations with other socialist countries, notably in the export of manufactured goods, is that, for political reasons, Korea's socialist neighbors are willing to take "soft goods," i.e. goods which are difficult to sell on the non-communist international market because of poor quality, tough competition or lack of demand. The problem of quality has been recognized by the leadership. Economic propaganda during the 1960s and early 1970s has cautioned against a concentration on quantity at the expense of quality and stressed the need to strengthen quality control techniques.[74] An increase in quality was set as one of the major tasks of the Six Year Plan. Since this type of problem cannot be solved quickly, however, it will initially hamper efforts to diversify trade on the world market.

Thus, in spite of a dramatic increase in trade with non-communist countries in recent years, and though Korea has succeeded in selling machine tools in this market (Salisbury reported, for example, that a large amount of machines is shipped to countries in the Third World), trade with the advanced capitalist countries, notably Japan, is still mainly an exchange of raw materials and primary products, processed and unprocessed, for manufactured articles. This pattern differs from the previous colonial trade relationship with Japan insofar as a higher proportion of Korean primary exports are now processed (pig iron, metal alloys, rolled steel, etc.) and much of the manufactured imports is being used to strengthen the self-reliant capacity of the Korean economy. Trade with Japan between 1966 and 1969 was mainly in the form of an exchange of North Korean ores and processed metals for Japanese machinery, chemicals and pharmaceuticals.[75] In the trade agreement with Austria, amended in 1967, the export commodity lists of both countries showed that Korea was offering a preponderance of metals, agro-animal and "national" products (machine tools and chemicals being the major exceptions), while Austria offered machines, instruments, chemicals, heavy machines and other plant equipment.[76]

The early 1970s have seen a concerted push to expand the export of manufactured goods. When Dr. Jim Cairns, the Australian Minister for Overseas Trade, visited Pyongyang in 1973, he was told that north Korea had available for export a wide range of machinery, high-grade steels, railway rolling-stock, engines (both diesel and electric), and other manufactured goods. It seems, however, that a large increase in the export of manufactured goods to non-communist countries in the "Second World" (i.e. Japan, Canada, Australia and Western Europe) must await further modernization of the Korean economy and further introduction of advanced technology from abroad. In the short term, in view of the DPRK's special political relationship with the Third World, the opportunities to expand exports of manufactured goods to the developing countries of Asia and Africa seem good.

Conclusion

The DPRK has done a creditable job in developing a fairly sophisticated and balanced industrial economy with a relatively small foreign trade sector (foreign trade was 17.85% and exports were 9.3% of national income in 1967) and a relatively high degree of self-sufficiency in raw materials, consumer goods and industrial machines and equipment. If one were to ignore the political realities of the Korean peninsula for a moment, the most reasonable expectation for the future would be that, as the north Korean economy becomes more advanced and as the quality of its manufactured items increases, the DPRK would become a small industrial country on the model of Austria, East Germany, Sweden or Switzerland, with a relatively large foreign trade sector importing technology and raw materials and exporting finished and intermediate products. If the expansion of foreign trade were accompanied by a diversification of outlets, this would

not necessarily pose a threat to north Korea's economic autarchy though the goal of autarky would go by the board.

Setting the problem in political context, however, the policy of economic self-sufficiency must be viewed in relation to the over-riding goal of Korean reunification. Economic *chuch'e* has two major political goals: to reduce the possibility of political pressure by economic means from unreliable large allies, and, second, to prepare the north Korean economy for eventual integration with the South unencumbered by a heavy degree of economic interdependence with the large socialist powers. Given these goals, the policy has been quite successful. Given the continuing priority of reunification, moreover, one may expect continued emphasis on economic autarky and a willingness to bear the costs which such a strategy may entail over the longer run. As tensions on the peninsula ease, however, the extra costs imposed by the need to allocate an inordinately large percentage of the state budget to military-related expenditures to maintain *chuch'e* in the military field can be reduced, allowing the reallocation of funds for productive purposes. There were major cuts in defense spending reported in 1972-1973. With the eventual reunification of Korea, moreover, many of the economic problems of *chuch'e* would decrease: the domestic market would expand, creating significant economies of scale; consumer goods production could be expanded and diversified, thus lowering social and political costs by increasing consumer satisfaction; the agricultural base would be strengthened and the range of export commodities and markets diversified, given the differences between the economies of the North and South.

The DPRK is clearly a model in the application of economic policy to safeguard and extend national political independence. It is to be hoped that further research will be done on the north Korean experience and the extent to which the Korean model is appropriate as an alternative development strategy for other countries in the Third World.

Notes

1. Kim Il-song, *On Some Problems of Our Party's Juche Idea and the Government of the Republic's Internal and External Policies* (Answers to the Questions Raised by Journalists of the Japanese Newspaper "Mainichi Shimbun," September 17, 1972) (Pyongyang: Foreign Languages Publishing House, 1972), pp. 14-15.

2. Joseph Sang-hoon Chung, *The North Korean Economy: Structure and Development* (Stanford: Hoover Institution Publications 132, 1974), pp. 92-93, Robert A. Scalapino and Chong-sik Lee, *Communism in Korea* (Berkeley: University of California Press, 1972), esp. Part I, pp. 499-504

3. For discussions of these ideas, see A. C. Nahm, "Reaction and response to the opening of Korea, 1876-1884," in Yung-hwan Jo, ed., *Korea's Response to the West* (Kalamazoo, Michigan: The Korea Research and Publications, Inc., 1971), pp. 141-162; also H. D. Walker, "The weight of tradition: preliminary observations on Korea's intellectual response," Ibid., pp. 1-14.

4. C. I Eugene Kim and Han-kyo Kim, *Korea and the Politics of Imperialism 1876-1910* (Berkeley and Los Angeles: University of California Press, 1967, p. 221.

5. Kim Il-song, "Our people's army is an army of the working class, an army of the revolution; class and political education should be continuously strengthened," Feb. 8, 1963, *Selected Works* (Pyongyang: Foreign Languages Publishing House [FLPH], 1971), Vol. III, p. 492.

6 For a discussion of the concept by a south Korean theorist, see Cho Kah-kyung, "Philosophical aspects of modernization of the modern consciousness and the problems of subjectivity," in *Report International Conference on the Problems of Modernization in Asia* (Seoul· Asiatic Research Centre, 1965), cited in Bruce G. Cumings, "Kim's Korean Communism," *Problems of Communism*, Vol. XXIII, March-April 1974, fn. 45, p. 35.

7. For the official biography of Kim Il-song, see Baik Bong, *Kim Il-Song Biography* (3 vols.) in a variety of editions (e.g Dar Al-talia, Beirut, Lebanon: 1973). For a Western account of Kim's partisan activities in the 1930s, see Robert A. Scalapino and Chong-sik Lee, *Communism in Korea*, Part I, pp. 202-230.

For a useful analysis of the bias inherent in the "established" scholarly view of Kim Il-song, as presented by Scalapino/Lee and Dae-sook Suh, see Gerhard Breidenstein, "The Communist Movement and Socialism in Korea," *Journal of Contemporary Asia*, Vol III, No. 3, 1973, pp. 350-56 (a review of Scalapino/Lee); Jon Halliday, "The Korean communist Movement," *Bulletin of Concerned Asian Scholars*, Vol. II, No. 4, Fall 1970, pp. 98-107 (a review of Dae-sook Suh, *The Korean Communist Movement 1918-1948*, Princeton: Princeton University Press, 1967).

8. Chong-sik Lee, *The Politics of Korean Nationalism* (Berkeley: University of California Press, 1963), p. 265.

9. For a fascinating example of Kim's attitude to this problem, see his "Some problems related to the development of the Korean language," Jan. 3, 1964, *Selected Works*, Vol. IV, pp. 7-13.

10. Kim Il-song, "On improving and strengthening organizational and ideological work of the party," March 8, 1962, *Selected Works*, Vol. III, p. 328; for an example of north Korean critiques of American and other Western philosophical ideas, see An Tong-yang, "The trend of modern bourgeois philosophy," *Kulloja* (Worker), Aug. 30, 1967, translated in *Joint Publications Research Service: Translations on North Korea*, No. 64, (afterwards *JPRS.NK*).

11 Kim Il-song, "Against passivism and conservatism in socialist construction," Sept. 16, 1958, *Selected Works*, Vol II, pp 241-42.

12. Kim Il-song, "Report to the Second Congress of the Workers' Party of North Korea on the Work of the Central Committee," March 28, 1948, *Selected Works*, Vol. I, p. 256.

13. Kim Il-song, "On the eve of the historic democratic election," November 1, 1946, *Selected Works*, Vol. I, p. 125.

14. Hyang-chan Kim, "Ideology and indoctrination in the development of North Korean education," *Asian Survey*, Vol. IX, No 11, (Nov. 1969), p. 833, G. D. Paige, *The Korean People's Democratic Republic* (Hoover Institution Studies, No. 11, 1966, p 3; compare Kim Il-song, "On the present political situation in Korea and the organization of the Provisional People's Committee of North Korea," *Selected Works*, Vol. I, pp. 25-26.

15. For example, Kim Il-song, "Closing up the Congress of the Provincial, City and Country People's Committees of North Korea," Feb. 20, 1947, *Selected Works*, Vol I, pp 134-35.

16. For example, Kim Il-song, "On the work of the organization at all levels of the Communist Party of North Korea," December 17, 1945, *Selected Works*, Vol I, p. 10.

17. Paige, pp. 33-34.

18. *Selected Works*, Vol. I, pp. 582-606.

19 *Selected Works*, Vol. I, p. 587.

20. Ibid , p. 592.

21. Ibid., p. 591.

22. Mao Tse-tung, "The reconstruction of our studies," February 1, 1942, translated in Boyd Compton, ed , *Mao's China· Party Reform Documents,1942-1944* (Seattle: University of Washington Press, 1966), pp 62-63.

23. For a useful discussion of the distinctive aspects of Korean communism, see Bruce G. Cumings, "Kim's Korean Communism," *Problems of Communism*, Vol. XXIII, No. 2 (March-April, 1974), pp. 27-41.

24. For example, Kim Il-song, "The Korean People's Army is the successor to the anti-Japanese armed struggle," February 8, 1958, *Selected Works*, Vol II, pp. 64-101

25. Kim Il-song, "On socialist construction in the DPRK and the South Korean revolution," April 14, 1965, *Selected Works*, Vol. IV, pp. 229-30

26 "Let us defend the revolutionary spirit of independence, self-sustenance and self-defense more thoroughly in all fields of state

activity," Dec. 16, 1967, *Selected Works*, Vol. IV, pp. 546-610.

27. Kim Il-song, "Report to the Fifth Congress of the Workers Party of Korea on the work of the Central Committee," Nov. 2, 1970, *Selected Works*, Vol. V, pp. 408-526; *On Some Problems of Our Party's Juche Idea and the Government of the Republic's Internal and External Policies*, Sept. 17, 1972, FLPH, Pyongyang, 1972.

28. The statistics in the following discussion are taken from the U.S. Government, *Area Handbook for North Korea* (Washington: 1969), pp. 286-89, 295; 368. For general discussions of the economy of North Korea, see Joseph Sang-hoon Chung, *The North Korean Economy Structure and Development*, passim, and the relevant chapters of Scalapino and Lee. Chung's book is the basic text on the north Korean economy. Like Scalapino and Lee's tome, it combines much useful concrete information larded with gratuitous ideological comments. For example, the evidence given by Chung on agricultural growth (which he himself describes as "not unimpressive," p 151) provides no basis for his conclusion that "collectivization ... has brought no discernible improvement in agricultural production" (p.55). In Scalapino and Lee's chapters on economic questions, a great deal of useful empirical work is accompanied by crude, ideologically-derived musings about "political man" and "economic man," the latter being, predictably, "innately individualist" (p. 1222).

29. Kim Il-song, "How to develop state industry and how to manage the enterprises," January 25, 1948, *Selected Works*, Vol. I, pp. 188-89.

30. Kim Il-song, "Everything for the postwar rehabilitation and development of the national economy," August 5, 1953, *Selected Works*, Vol. I, p. 421.

31. Ibid., p. 449.

32. For an argument supporting the idea of initial emphasis on capital goods industries, see Maurice Dobb, *Economic Growth in Underdeveloped Countries* (New York. International Publishers, 1963), Chapter 5, "Some theoretical problems further considered," pp. 45-59; compare Dobb's "The question of 'Investment priority for heavy industry'" in his *Papers on Capitalism, Development and Planning* (London: Routledge and Kegan Paul, 1967), pp. 107-24.

On the role of the machine industry in industrialization strategy, see K. N. Raj. "Role of the 'Machine-tools sector' in economic growth," in C. H. Feinstein, ed., *Socialism, Capitalism and Economic Growth Essays Presented to Maurice Dobb* (Cambridge: Cambridge University Press, 1967), pp 216-26.

For a Korean discussion of the importance of the machine industry, see Sin Tong-sop, "Further development of the machine industry is urgent," *Kulloja* (Worker), March 15, 1969, in JPRS-NK No. 115. For a retrospective discussion of the debate over economic priorities in both industry and agriculture and an assessment of achievements, see Yun Nae-gil, "Our country has emerged as a strong socialist industrial-agricultural state," *Minju Choson* (Democratic Korea), Nov. 21. 1967, in JPRS:NK, No. 71. Compare also the discussion of economic policy in Chong Kwan-yong, "The glorious victory of the Party's economic line," *Nodong Sinmun* (Labor News), Aug. 5, 1967, pp. 2-4, in JPRS:NK, No. 59.

33. J-w A. Kim, "Soviet policy in North Korea," *World Politics*, Vol. XXII, No. 2 (Jan. 1970), p. 245f.

34. Kim Il-song, "On socialist construction in the DPRK and the South Korean revolution," April 14, 1965, *Selected Works*, Vol. IV, p. 206.

35. Kim Il-song, *Selected Works*, Vol. IV, p. 309.

36. For a discussion of the evolution of the theory and practice of international economic integration in the socialist bloc, see Heinz Köhler, *Economic Integration in the Soviet Bloc* (New York Praeger, 1965), Chapter 3, "The CMEA," pp. 79-157

37. For a discussion of the clash between the Soviet Union and North Korea over the issue of economic integration, see R. O. Freedman, *Economic Warfare in the Communist Bloc* (New York: Praeger, 1970), pp. 141-49.

38. Harry Schwartz, "North Korean reports Chinese are prospering," *New York Times*, April 8, 1963.

39. Editorial Department of *Nodong Sinmun*, *Self-Reliance and Independent National Economic Construction*, June 12, 1963 (Peking: Foreign Languages Press, 1963), p. 8.

40. Ibid., p. 7.

41. Ibid., p. 8.

42 *Nodong Sinmun*, October 28, 1963, in *Foreign Broadcasts Information Service (FBIS): North Korea*, October 30, 1963, p. CGG19.

43. Ibid., pp. 19-20.

44. Cited in Freedman, p. 148.

45. For example, see Kim Il-song, "To give full play to the great vitality of the unified and detailed planning of the national economy," September 23, 1965, *Selected Works*, Vol. IV, p. 288.

46. Kim Il-song, *Selected Works*, Vol. V, p. 441.

47. *Socialist Constitution of the DPRK*, December 27, 1972 (Pyongyang: FLPH, 1972), pp. 1-2. For a discussion of the economic aspects of the Constitution, see J. S-h Chung, "North Korea's economic system and the new Constitution," *Journal of Korean Affairs*, Vol. III, No. 1 (April 1973), pp. 28-34.

48. *Selected Works*, Vol. V, pp. 417-18.

49. Statistics in this section are taken from the following sources: *Area Handbook for North Korea*, esp. pp. 286-88, 308, 323, 368; Joseph S-h Chung, "North Korea's 'Seven Year Plan' (1961-1970): Economic performance and reforms," *Asian Survey*, Vol. XII, No. 6 (June 1972), pp. 527-45; Chung, *The North Korean Economy: Structure and Development*, 1974, passim.

50. Chung, *The North Korean Economy*, p. 106.

51. For information on north Korea's natural resources, see *Area Handbook on North Korea*, Chapter 1; *Democratic People's Republic of Korea* (Pyongyang: FLPH, 1958), Chapter 1.

52. S. Kuznets, "Economic growth of small nations," in E. A. G. Robinson, ed., *Economic Consequences of the Size of Nations* (London: Macmillan, 1960), p. 28.

53. For an excellent diiscussion of "mass line" theory in north Korea, see Bruce G. Cumings, "Kim's Korean Communism," *Problems of Communism*, Vol XXIII (March-April 1974), pp. 29-34.

54 Joseph Chung discusses the impact of foreign aid in his book, especially pp. 92-93 and 118-24.

55. *Documents of the Fourth Congress of the Workers Party of Korea*, (Pyongyang. FLPH, 1961), p. 57.

56. For example, see Son Kyon-jun, "The central problem in granting priority to extracting industries," *Kulloja*, June 20, 1967, pp. 46-50, in JPRS.NK, No. 57.

57 *Documents of the Fourth Congress of the Workers Party of Korea*, 1961, pp. 60-64, 73, compare Song Pok-ki, "The central problem in chemicalizing the national economy," *Kulloja*, Nov. 30, 1967, pp. 51-59, in JPRS:NK, No. 79.

58. For example, see O Tong-uk, "The concept of self-identity and our scientific and technological development," *Kulloja*, July 30, 1968, in JPRS:NK, No. 94.

59. *Selected Works*, Vol. V, p. 442.

60. See Joseph Chung, 116; also Kim Il-song, *Answers to the Questions. . .* , p. 80.

61 Kim Il-song, "Report of the Central Committee of the WPK to the Fourth Congress," in *Documents of the Fourth Congress of the WPK*, 1961, p 23.

62. Ibid., p 21.

63. R. O. Freedman, p. 149.

64. Kim Il-song, *Answers to the Questions Raised by Foreign Journalists*, July 1, 1969 (Pyongyang FLPH, 1970), p. 77.

65. *Selected Works*, Vol. V, p. 413.

66. Harrison Salisbury, *To Peking and Beyond: A Report on the New Asia* (New York. Quadrangle Books, 1973), pp. 198-200.

67. B. Sinitsyn, cited by B. C. Koh, "North Korea: Old goals and new realities," *Asian Survey*, Vol. XIV, No. 1 (January 1974), fn. 21, p. 41

68 Joseph Chung, Chapter 4.

69. *Area Handbook on North Korea*, pp. 373-74.

70. The statistics in this section are taken from the following sources: *Area Handbook on North Korea*, pp. 373-74; Economist Intelligence Unit, reports on China, North Korea and Hongkong; *Far Eastern Economic Review Yearbook*, 1970-1973

71. *Far Eastern Economic Review Yearbook*, 1973, pp. 206-07.

72. Kim Il-song, *Selected Works*, Vol. IV, p. 599.

73. R. O. Freedman discusses these factors in Chapter 1, "Soviet capabilities for exerting economic pressure," pp. 3-17.

74. For example, see An Yong, "Better quality control in production needed," *Minju Chosen* (Democratic Korea), July 19, 1968, p. 2 in JPRS-NK, No. 95.

75. *Far Eastern Economic Review Yearbook*, 1970, p. 216.

76. "Revised list of imports from Korea," *Internationale Wirtschaft* (International Trade), Vienna, June 30, 1967, p. 1.

The Thai Left Wing in Historical Context

by Thadeus Flood

The aim of this study is to suggest that the Thai leftwing movement, both urban and rural, is the natural outgrowth of recent Thai social history; that there is a historic connection between the ongoing urban leftwing movement of today, whether in or out of the recently-granted parliament, and the increasingly powerful liberation movements in the rural areas; finally, that the October 1973 student uprising in Thailand must be interpreted as a reemergence of the urban leftwing movement after a long period of extreme repression, and with more widespread support than ever before.

The aim here is to place the Thai leftwing in its proper historic perspective. What follows is in no way intended to be a "history," nor even an analysis of the Thai left. I therefore omit extended discussion of theoretical issues relating to the Thai past or present scene save for a brief introductory comment on the character of *sakdina* society.

I. The Social Context: *Sakdina* Society

For the past century much Western imperialist scholarship and Thai royalist scholarship has sought to perpetuate the image of a benign Thai royalty ruling over a happy, carefree and subservient populace dwelling in a land of sunshine and smiles. This has been the picture heavily stressed in postwar American scholarship, for it is one safely remote from that of a people in an oppressed condition that might generate indigenous revolution. We restrict ourselves to one classic example from the HRAF study, Blanchard, 1957:

> *It is doubtful whether [Thai peasants] could conceive of a social situation without distinction between superior and inferior position. Peasants and others of low social status have never viewed such a social system as particularly unreasonable or severe, and there is no history in Thailand of general social oppression.*[1]

The reality is otherwise, however, as a younger generation of more liberated scholars in Thailand is now discovering. As one of these recently noted, the royalty of traditional Thailand has for centuries exploited the people, who suffered abuse, persecution, violence and arbitrary cruelty at the hands of officials of the state (the *chao nai* and the *khun nang* classes). The people had no avenues of redress, since the legal system was in the hands of the bureaucratic class.[2]

Traditional Thai society really contained only two classes. A small socially conscious elite of royalty and bureaucratic functionaries which enjoyed a complete monopoly of power, wealth and prestige was superimposed over a mass of socially pre-conscious peasants and slaves (*Khon chan phrai-that*).[3] Although the state could not always achieve administrative centralization, this was its basic goal from the 14th century on. There was no significant repository of social, economic or political power apart from the bureaucratic elite that might mediate the impact of the state on the people.[4]

There was no noble landowning class independent of the traditional state.[5] After the 14th century all land belonged to the state in theory, as the oldest collection of Thai laws indicates (the *Kotmai tra sam duang*) in its legal formulations for the kingship (*phrachao phaendin* = lord of the land, etc.).[6] The state bureaucratically distributed land under the rubric *sakdina* (literally, power over the fields) to the royal family and high government functionaries, and it could be bureaucratically recalled or confiscated. In this sense traditional Thai society differed from European or Japanese feudalism, despite Western writers' use of that term to describe it, and despite Thai writers' tendency to translate the term "feudalism" as "*sakdina*."[7]

For the oppressed commoners, the result of this top-heavy state was a general absence of the mentality of individual ownership of land, in the European sense of the term. The few Western writers who investigated the land problem among the Thais in the late 19th and early 20th century frequently noted this. Whatever the ultimate reasons for it, this fact inhibited the development of a rural landowning bourgeoisie, again in contrast to the history of Europe.[8]

There is very little scholarship and very few statistics are available on the 20th century land question in Thailand. What information there is indicates that, as in the case of Japan, rationalization of tenure in the late Fifth Reign benefitted only the ruling class. The issuance of land deeds and the emancipation of the slaves only perpetuated the heavy state presence in land, with the choicest land confirmed in the hands of royalty, high central and provincial officials and Buddhist clergy, and the commoners left with the rest.[9] The ruling classes, joined in the early 20th century by some wealthy Chinese entrepreneurs, further enhanced state control by acquiring commercially valuable lands adjacent to canal, road and rail construction in Central Thailand and elsewhere. Thus, while there was no immediate land shortage or "tenancy" problem after the rationalization of land tenure in the early 20th century, the most economically profitable land remains today in the hands of those on the side of the state: old aristocratic families, powerful bureaucratic figures,

Buddhist temples and Chinese entrepreneurs, especially in the Central Thai area.[10]

According to the 1971 Thai agricultural ministry survey, 83.08 percent of all cultivated land was owned by owner-cultivators, 12.55 percent by absentee landlords, and 4.27 percent was worked but legally unclaimed. The large percentage of owner-cultivators has been used by Thai and American defenders of the status quo to posit an unrevolutionary Thai peasantry; but if Central Thailand—the chief rice-producing area for both Thai consumption and export—is considered alone, a different picture emerges. According to the Thai National Statistics Bureau's latest survey (1968), tenancy runs to over 40 percent (probably more now) in the high-income, rice-export lands of the twenty-four provinces of Central Thailand. In provinces adjacent to Bangkok it runs to 83 percent. This is where the absentee landlords of the traditional state, now joined by new accretions of civil-military functionaries and a few wealthy Chinese entrepreneurs, still dominate the scene.[11]

In this *sakdina* society, central authority was not hampered by any independent warrior class or sacerdotal caste or class. All subjects, including state functionaries (but usually excluding slaves), were subject to the military as well as the civil corvée. As for Buddhism, the *ecclesia (sangka)* lacked any significant institutional autonomy after the 14th century. In the case of the more prestigious temples, lands, buildings and temple slaves were all furnished by the absolute monarch in his role of protector of the faith (*akkhamahasasanupathamphok*) or by high functionaries acting on the royal analogy. Buddhism, whatever other functions it served in Thai society, rationalized and legitimized the power relations within this *sakdina* society, as it does to this day.[12]

Most important, in terms of understanding present-day Thailand, was the historically ineffectual, subordinate role of commerce. Internal mercantile activity was generally minimal in what was a self-subsistence agrarian economy, but even this was subject to state control and intervention, as was the sector of foreign trade, down to the era of European imperialism in the 1850s.[13] The role of Chinese immigrant traders has complicated this apparently simple picture and requires special comment.

There have been Chinese traders servicing the Thai population in a minor way almost as long as there have been Thai in Southeast Asia, but the present large community there only dates back to about the early 18th century. It grew up in connection with a Thai-to-China rice trade, itself a product of the emergent world capitalist economy. This external demand and the middleman role of the already commercially-oriented South Chinese led to the commercialization of Thai agriculture and a money economy, operated by the Chinese, the nascent bourgeoisie of Thailand. With the coming of Western imperialism and the semi-colonization of Thailand in the unequal Bowring Treaty of 1855 and after, the Chinese bourgeoisie as a whole functioned as a "middleman" between the exploiting Western powers and the exploited Thai people. The majority of the Chinese community was not capitalistic, however, but consisted of wage laborers, exploited by Chinese entrepreneurs and the Thai state alike.[14]

The central Thai state, whose power had previously derived from control of agricultural land, now sought to coopt the power inherent in money. This entailed subordinating the proto-capitalist Chinese class by regulatory coercion and cooptation through state investments and by exploiting the labor of the Chinese proletarian class and the Thai peasant class to service foreign requirements.[15]

In 1932, formal control of the state bureaucracy by the traditional elite—the *sakdina* class—was challenged by a politically revolutionary movement composed of young military and civil bureaucrats, the latter espousing a Western-style democratic ideology. Since Thailand's bourgeoisie, as noted above, was subservient to the state, the "democrats" of 1932 were without any secure socio-economic footing and thus inevitably failed. The *sakdina* royalty was dislodged, at least from the top position of state control, but was replaced by a military bureaucratic class, while the civil bureaucrats, the "democrats," found themselves on the periphery of the apparatus. Because the "1932 revolution" was not a bourgeois revolution, nor indeed a social revolution at all, it merely saw a new bureaucratic elite replace an old, but left the bureaucratic state intact.[16]

This state maintained itself by continuing the pre-1932 policies vis-à-vis the Chinese bourgeoisie. The new elite accomplished this by heavier anti-Chinese legislation and by becoming "bureaucratic capitalists" (*naithun khunsuk:* military capitalist; *naithun khun nang.* civil functionary capitalist). They invested heavily in Chinese capitalist enterprises and established close fiscal links with the top Chinese comprador class. This pattern of a powerful bureaucratic elite, linked profitably to a subservient bourgeoisie, continues.[17]

The Chinese bourgeoisie has never presented the state with an institutional challenge. It continues to prosper in Thailand under the old Chinese formula *kuan-tu, shang-pan* (state-supervised, merchant-operated [commerce]). By this tradition, by the necessity imposed on it by its foreignness, and by the overriding policies of the Thai state, the social vocation of Thailand's bourgeoisie has not been to capture the state, but to live off it.[18]

Because of the utter failure of bourgeois democracy in 1932 and after, Thai society still reeks of the influence of the old *sakdina* class, which was dislodged but not destroyed. It maintained its economic position after 1932 by using its wealth and land to link up with foreign capital and with the post-1932 Thai military capitalists. The *sakdina* class is still strong, for example, in banks and other businesses. Some have married into the Chinese capitalist class. Some effected connections with foreign imperialist interests, cooperating in the establishment of foreign plants, factories and hotels. In politics, the *sakdina* class still manipulates political parties for the royalist and more general conservative cause. Members of the old *sakdina* society are heavily represented in cultural and educational affairs. The role of the Ministry of Education is crucial in conveying and popularizing an essentially conservative and reactionary set of political attitudes to Thai school children and adults. Its philosophy of education and the textbooks which are written under its direction and used throughout the school system glorify the oppressive *sakdina* heritage. It is at present a major source of conservative and reactionary socialization.[19]

In sum, there is a marked continuity in the generally bi-polar pattern of Thai society, underneath the many important changes that have taken place as a result of commercialization, rationalization and the other effects of capitalism and imperialism.[20] The mass of the Thai population continues to consist of a Chinese proletarian and Thai peasant

class, totally lacking, as always, in the dignity of participation and equal exchange. In the late twentieth century it continues to be victimized as before by a great common enemy: the disproportionately heavy coalition of Bangkok-based aristocrats, civil-military functionaries and Chinese comprador entrepreneurs. Because of the historic weakness of the latter segment, this coalition, like the old *sakdina* state, forms a single social entity against the people.

In its present form, this oppressive coalition has been greatly strengthened by its alliance with, and complete subservience to, imperialism in the 19th and 20th centuries.[21] The Thai state has since 1855 conceded its cultural, economic and even much of its political sovereignty to foreign powers, and has fully accommodated itself to the powers in return for a modicum of political sovereignty and a continuing share in the surplus product of the Thai populace.[22] In the last resort it has played no favorites, and has readily linked itself to whatever empire was uppermost: the British from 1855 to the 1930s, the Japanese in the late 1930s and early forties, and the American in the late forties down to the present.

Of all the contradictions, antagonistic and otherwise, in the late 20th century Thai social context, it is this imperialist-backed state coalition that stands in the most direct, unmediated opposition to the interests of the great majority of the population of Thailand. This contradiction grows more intense as the people become more socially conscious. Since the 1930s, the agent for raising the people's social consciousness has been the Thai left wing.[23]

II. Leftwing Opposition

Opposition to the exploitative Thai state has not come from the Chinese bourgeoisie, which has opted for coexistence with the state. It has come, rather, from two other sources. The "legitimate," usually legal, opposition came from what might be called a "liberal state intelligentsia."[24] Since the 1933 coup, which presaged the rise of a new military elite in control of the state's bureaucratic apparatus, this opposition has been made up of Westernized, déclassé aristocrat politicians of royal or noble-functionary background and often with heavy landed interests, Westernized professional men (lawyers, journalists, writers), and Westernized civil-military bureaucrats of post-1932 vintage, often with close fiscal and descent ties to the Chinese commercial class.[25] Despite these links with the Chinese commercial class, this liberal opposition as a whole is characterized by its close relationship to the bureaucratic state, to which it is almost always connected in terms of professional occupation or socio-economic background, but unfailingly connected in terms of loyalty. It is "liberal" and "oppositional" only by virtue of its slogans, which are drawn from the Western liberal bourgeois tradition. The dilemma of this intelligentsia, as we will term it, has been that it has lacked structural support in a bourgeoisie that would provide it with a social vocation of its own, independent of the state, for the Chinese bourgeoisie did not and could not support it. Therefore, in words and rhetoric, it continues to be a spokesman for a purely Western bourgeois order that, whatever its fate in the West, was never part of Thai history.[26] In deeds and actions, therefore, the "opposition" of this liberal state intelligentsia is chronically irresolute, for in the last analysis it is sustained by the imperialist-backed state.[27]

The other source of opposition to the contemporary Thai bureaucratic state has been those who have with varying degrees of clarity recognized the chief contradiction in Thailand's bi-polar society, and have in some measure sought to speak for the exploited, as opposed to the exploiting (state) class: the people. This "radical intelligentsia" did not leap out full-blown overnight, but it is remarkable how early the Thai state recognized that it was ultimately a very subversive intelligentsia.[28] Almost from its appearance in the late twenties and early thirties, therefore, this radical intelligentsia was stamped as "communistic" and declared formally illegal, for it spoke for the mass class, the people.

The earliest Thai anti-communists were royalist or aristocratic students at school in Czarist Russia at the time of the 1917 revolution. They saw the impact of popular revolution on aristocratic privilege. In 1932 they therefore viewed the civilian leadership of the coup as "communists"; they viewed Pridi Phanomyong as a "Lenin" or "Stalin." They persuaded the new post-1932 regime, in which royalist forces were still strong, to oust Pridi and pass Thailand's first anti-communist laws in April 1933.[29]

The radical intelligentsia included those who displayed a social consciousness, more or less clear, of the historic condition and capacities of the exploited in Thai society, the oppressed peasantry and workers. Obviously the early class origins of this intelligentsia would have to be similar to those of the liberal state intelligentsia, but whatever the origins, its distinguishing feature was a more or less clear identification in struggle with this oppressed mass against the bureaucratic state.[30]

In its early stages in the thirties, the social consciousness of this incipient radical intelligentsia was low. Its ideological origins can be traced perhaps to three separate sources. First were the writings of certain early critics of the *sakdina* regime and culture, such as Th. W. S. Wannapho (Thianwan),[31] and the influence of the abortive 1911 military uprising.[32] Second was the exposure to socialism of certain Thai students in the twenties, especially in France. The most influential person here would of course be Pridi Phanomyong.[33] Third was the influence of ideologically sophisticated Marxist-Leninists among the Chinese and Vietnamese communities in Thailand in the twenties, thirties and forties.[34]

Little is known of this latter category, but according to Luan Saraphaiwanit, who spent most of the thirties as a Thai political prisoner, there were over one hundred Chinese and Vietnamese in Bangkhwang prison in 1933, charged under the new anti-communist laws. They were male and female intellectuals as well as semi-literate young firebrands. Many were highly educated, at least one Vietnamese was a graduate of a metropolitan French university. They maintained in prison a remarkable solidarity that set them apart from and won the respect of the Thai political prisoners (who were jailed after the Bawaradet rebellion of 1933). Luan Saraphaiwanit describes with admiration his own Chinese language teachers in prison, a gentle schoolteacher from the Isan (Northeast) named Lieo A-ngo, under a 15-year sentence for "communist activities" and a "100 percent communist," and Chai Phin, a Hakka of a Thai mother, a cultivated man and a "first rate communist." It is suggestive of the ongoing influence of this type that both these men were politically active in Thailand after 1945.

Although these men were probably more concerned in the twenties and thirties with liberation in China and Vietnam,

many were of partially Thai ancestry, most spoke Thai, and, whether in prison or out, they were the mentors of the first Thai Marxist-Leninists in the forties.[35]

From each of these sources, then, it is possible to see the slow formation of what would eventually and indeed inevitably, owing to the bipolar nature of Thai society, be a radical or leftwing intelligentsia. In its earliest stages, in the early thirties, it was composed of a few French-educated bureaucratic politicians functioning on the periphery of the state power apparatus (the civilian leftwing liberals of the Pridi Phanomyong type), a few regional intellectuals from the oppressed, quasi-colonial Isan area, and some scattered journalists and writers.[36]

The bond between them was a common, inchoate tendency to see the poverty-stricken, miserable condition of the mass of the people as in some way an indictment of the Thai social regime. This humane concern for the people was not systematically worked out at first, but it can be seen, nonetheless, in the literary works of such writers as Kulap Saipradit (Si Burapha).[37] Even before 1932 he had attacked the old *sakdina* social regime in the newspaper *Sikrung,* causing its suspension. A courageous humanist, Kulap betrayed in his novels of this era a Dostievskian social sympathy that would typify the left wing from that time on: his 1932 *Songkhram Chiwit* (The War of Life) was based on Dostievski's *Poor Folk.* The same concerns appear in other writers as well, such as Sirat Sathapanawat's 1933 book *Phaendin ni khong khrai?* (Whose Land is This?). Finally, a similar social concern is explicit in the quasi-socialist economic plans of the legal scholar Pridi Phanomyong, put forward in 1932.[38]

Panicked by the leftism of Pridi and by popular manifestations and strikes in 1932-33, the post-1933 regime grew more militaristic and conservative. It overtly chose the fascist over the liberal model of the state, and as it linked itself to the expanding Japanese empire, the ranks of this radical intelligentsia swelled. Kulap Saipradit's editorials in the daily newspaper *Prachachat* and in his own weekly *Suphap Burut* spoke for opposition to the dictatorial fascist Phibun government. By the early forties the complete subordination of the Thai state to Japan's "New Order" brought infusions of Sino-Thai radical intellectuals, as well as most of the Isan and other regional intellectuals who would form the postwar left wing, into the ranks of the radical opposition. It is at this point that we can see the beginnings of a new type of Thai nationalism, which no longer identifies the "nation" with the bureaucratic state, but more and more with the people. These new nationalists were increasingly mobilized in opposition to Japan's intrusions and the Thai state's cooperation with it.

The most organized manifestations of this new and much broader political mobilization included the *Ku chat* (National Salvation) group of Chamkat Phalangkun, which dates from the late 1930s and consisted of most of the Isan men who dominated the postwar Thai left-wing movement.[39] Chamkat's group provided the real core of Pridi Phanomyong's *Seri Thai* (Free Thai) movement, that only really got organized in 1943, with the aid of Chamkat and other Isan men such as Tiang Sirikhan, Thong'in and Thim Phuriphat and others. The *Seri Thai* movement within Thailand was a loosely-knit coalition of anti-Japanese forces under Pridi's general direction.[40] It cooperated with and provided overall supervision for several regional armed guerrilla units which, by the end of the war, totalled some 50,000 men.[41] More important than the *Seri Thai* movement in Bangkok itself, but less well known, these maquis functioned as mobilizers of regional forces, including schoolteachers, students, workers and peasants, in a nationalist, anti-imperialist cause that was no longer coincident with the Thai state but, because of the state's cooperation with the Japanese, was actually hostile to it. This new kind of nationalism, that distinguished the people from the state, was the gift of Japanese imperialism to Thai social history.

The *Seri Thai* coalition worked closely with Chinese youth, students, teachers, journalists and other elements who formed the numerous *chiu-kuo* (national salvation) groups in Bangkok in the early forties. Most of these groups were progressive, if not communist, and were certainly inspired by the work of the Chinese Communist Party's Thai branch, which had been very active in anti-Japanese work there.[42] The *Phak Khommunit Thai* (Thai Communist Party), established in 1942, grew out of these groups, and the little evidence available suggests that it was originally a local aspect of the Chinese Communist Party's Bangkok operations during the early war years.[43] The need to resist Japanese expansionism and Phibun's militarism, however, brought many young Thai nationalists into it by the end of the war. The TCP benefitted from a close working relationship with the *Seri Thai* coalition, especially in terms of recruiting members from the more gradualistic and amorphous Pridi organization.[44]

Under pressure from *Seri Thai* and Isan deputies in the Thai assembly, the pro-Japanese Phibun government was obliged to resign in 1944 and *Seri Thai* politicians came to power. The leftwing of the *Seri Thai,* led by Pridi and his Isan friends, tried to implement a liberal regime in politics, economics, and foreign affairs in the years 1945-47, but ran into resistance from the still intact bureaucratic functionaries, fascist police and military circles, as well as old *sakdina* aristocrats in the *Seri Thai* itself (Seni Pramot, Khuang Aphaiwong). The expansion of the TCP and the increasing attraction of left-wing ideas among Thai intellectuals in the postwar era finally panicked the conservatives in the *Seri Thai* and impelled them to ally with the representatives of the fascist state, which resulted in the 1947 coup by Phibun and the younger militarists who have since dominated Bangkok politics, with American support, in the fifties and sixties.[45]

Postwar events, therefore, including the failure of liberal government, the return to a servile, pro-imperialist policy, this time linked to the postwar American empire, the subsequent suppression of labor, peasant, student and intellectual movements and liberties, and, finally, the irresistible success of national liberation movements in China and Indochina—all these helped to define the ideological stance of the Thai radical opposition. Thai literature of the immediate postwar years reflected this natural radicalization. Kulap Saipradit, for example, arrested and silenced during the war, published his very influential *Chonkwa Rao Cha Phopkan Ik* (Until We Meet Again) in 1951. Its message—that only socialist solutions would solve Thai social problems—had a great impact on Thai intellectuals of the day.

The period 1945 to about 1958 was, despite the reactionary Phibun dictatorship, the golden age of Thai social literature and an extremely important formative period for the postwar Thai left wing and national liberation movements. The entire era is profoundly touched with the great Chinese revolution, with its message of hope for other agrarian,

semi-colonial countries. With this as a model there came Thai demands for human rights, respect for laboring and peasant classes, and for a socialist organization of society. The U.S. anti-communist apparatus in Thailand was not strong enough to prevent the emergence of a native Thai radical leftwing viewpoint in these postwar years. This was solidly confirmed in the writings of leading literary intellectuals such as Seni Saowaphong's *Khwamrak khong Wanlaya* (The Love of Wanlaya), Chit Phumisak's scholarly *Chomna Sakdina Thai* (The Face of Thai Feudalism),[46] Banchong Banchoetsin's *Chiwit kap Khwamfaifan* (Life and Hopes), and the literary, art and social criticism, from a Marxist-humanist point of view, of Chit Phumisak and others. In poetry, the egoistic idealism of earlier eras was replaced by concerns for social problems and the real plight of the Thai masses, as in the popular verse of the Isan poet Nai Phi (*Rao Chana Laeo, Maecha* [Mother Dear, We've Won!] and *Isan* [The Northeast]), among others. Literary-intellectual journals such as *Aksorasan* (Letters) and *Pituphum* (La patrie) called for a socialist society.

III. The Rural Movement

This golden age of Thai social literature was violently ended and the intellectuals who made it were decimated by the great counter-revolutionary campaign of the United States which was growing in Thailand throughout the '50s. Prior to the American anti-communist programs, the Phibun regime's repression had been aimed more at Phibun's political rivals (which happened to include, in addition to Pridi, many of his wartime Isan cohorts) than against social revolutionaries per se. But the repression became intensely ideological with the involvement of the dreadnoughts of U.S. anti-communism, ranging from USIS through JUSMAG (Joint U.S. Military Advisory Group) to the CIA connection with Phibun's police chief Phao Siyanon on the loose in Thailand in the mid-fifties.[47] Beginning with the early Phao-CIA connection of 1950, but especially after the brief respite between dictators in 1957-58, the Thai militarists spent millions of dollars in AID and other American funds to enforce a massive campaign of repression, presided over by American academic, technical and military-police druids of counter-insurgency, to eliminate social radicalism among students, professors, journalists, writers and the lower orders of Thai society.[48] As one of these druids matter-of-factly wrote in 1959 of this escalating terror campaign, ". . . the steady policy of repression, directed against whatever attempts have been made to express some more revolutionary demands, has been effective."[49] The policy was effective indeed, but not quite in the way that Professor Wilson would have it. It did result in pressing the Thai radical intelligentsia out of the urban areas and into rural, village Thailand, but not to disappear. On the contrary, thanks to the joint U.S.-Thai suppression campaign, the Thai radical opposition came to learn first-hand the relevance of the Chinese and Vietnamese revolutionary experience and history. Just two years after the CIA joined Phibun's police henchman Phao Siyanon and initiated the anti-communist campaign, the TCP, the most ideologically sophisticated opposition, held its second congress (1952) and adopted the village-based protracted warfare strategy that has now engulfed the last American urban strongholds in Thailand's neighbors, Vietnam and Cambodia: the "*chonnabot lom muang*" (countryside over the towns) concept.[50] Mao and the Chinese Communist leadership of the mid-twenties had been driven to realize that revolutionary socio-economic forces were developing unevenly, that counter-revolutionary forces, including imperialism, were extremely strong and were centered in the cities, and that it was necessary to develop a village strategy, with rural revolutionary bases, land reforms and armed revolutionary villages to surround the cities.[51] With the Chinese and Vietnamese revolutionary experiences as historic models, and given the predictably uniform pattern of Western military intervention in Asia, from 1952 on the TCP was able to pass rapidly to the same strategy. The Isan, the northeastern provinces of Thailand bordering on Laos and Cambodia, became the "Chingkangshan" and the "Yenan redoubt" of the Thai revolutionary struggle.

Despite the repression in the capital and other urban centers, the urban left wing surfaced again in an even more radical and determined mood in the years 1957-58, which formed a curious interlude between the Phibun and Sarit dictatorships when a certain degree of freedom returned to the Bangkok scene. In the dirty elections of 1957 (February and December, both heavily rigged), several courageous left-wing groups appeared, consisting principally of northeasterners, to run candidates in the elections. In their programs, which had to be moderate to avoid immediate arrest, the basic anti-imperialist stance of the Thai left wing came through, though of course it was expressed in different forms and with varying degrees of intensity by the various parties. The tendency toward domestic solidarity was expressed in the formation of a leftwing *Naeoruam sangkhomniyom* (socialist front), which criticized the American presence and particularly the American role in buttressing the power of the Thai military through AID and other programs Consisting of five leftwing parties and led by Thep Chotinuchit, a radical opposition deputy from the Isan, the *Naeoruam Sangkhomniyom* also criticized the American role in preventing Thailand from enjoying normal relations with China.[52]

This brief breathing space for the urban political opposition soon ended, however, for with the ouster of Phibun and appearance of the obese and venal dictator Sarit in 1958 the repression came again, more intensely. Politicians, lawyers, journalists, writers, professors, students, regional leaders, peasants and minority hill-tribes leaders, including many women activists, were rounded up and imprisoned without charge or trial.[53] Many who were abroad chose to stay abroad (such as the socialist author Kulap Saipradit, who remained in Peking).[54] Others fled abroad or made their way to the jungles, especially in the Isan border provinces. The poet Nai Phi, for example, fled to the Isan jungles.[55] The Marxist scholar and humanist Chit Phumisak was another victim of this brutal reign of terror.[56]

With Sarit, an army man, in power, the Pentagon came to Thailand in force, with its limitless funds. Through JUSMAG, Sarit was pushed to greater anti-communist heights, and the Thai urban left was virtually decimated.[57] Viciously suppressed in its urban form, it began to emerge in a rural form. Armed conflict between rural groups and Thai police broke out in the Isan very soon after Sarit took power [58] This was the birth of the rural liberation movement, engendered by America's counter-revolutionary tactics. By 1963, it had spread to the north, center and south as well.

The draconian suppression campaign begun under Sarit was continued after his death in 1963 by the Thanom-Praphat regime and police chief Prasoet Ruchirawong (in office

1963-72).[59] The CIA, which was less popular with Sarit than MACTHAI (Military Assistance Command, Thailand), once again found a friend in Police Chief Prasoet and worked very closely with him.[60] At the same time, U.S. Ambassador to Thailand Graham Martin urged Praphat (who was vice premier, army commander-in-chief and minister of the interior) to render the communist suppression effort more efficient with a coordinating, central headquarters organization to supervise all participating police, border police and army units. Praphat then fully institutionalized the counter-revolutionary repression by creating the *kong banchakan pongkan lae prappram Khommunit* or Communist Suppression Operations Command (CSOC) in 1965.[61]

As the American-inspired white terror increased in intensity in the mid-sixties, the *Naeoruam Rakchat haeng prathet Thai* (Thai Patriotic Front) was established (1965) to coordinate the anti-government, anti-imperialist struggle among all the various regional groups then opposing the Thai militarist regime.[62] The TCP announced on 25 February 1968 that this coordination had indeed been established.[63] In 1974 a top U.S. counter-insurgency expert, Roger Darling of AID and the State Department, paid this rural Thai movement and the Peoples Liberation Army of Thailand the backhanded compliment of listing it among the five truly revolutionary movements ("qualitative insurgencies" he called them) in recent world history, the others being the Chinese, Cuban, Vietminh and NLF movements.[64] Although American counter-insurgency scholars continue to maintain it is a foreign-inspired movement (Chinese, North Vietnamese and Pathet Lao) with no roots in the mainstream of Thai history or society, leading Thai political figures have recently admitted what was clear all along: the movement is thoroughly Thai and always has been.[65] Whatever aid the Chinese, Vietnamese and Lao have given the Thai radical opposition, it has been of a limited kind and never such as to alter its fundamentally indigenous character. Indeed it was the bloody American aerial terror bombing on Laos and North and South Vietnam, launched from American bases in Thailand after 1967, that created the close working relationship between the anti-imperialist movements in these areas and the Thai opposition.[66]

IV. The Urban Movement

In the urban areas, especially Bangkok, the left-wing intelligentsia that didn't flee was forced into extreme clandestinity by the American-promoted suppression of the Sarit (1958-63) and Thanom-Praphat (1963-73) regimes. Its urban presence is discernible in these years only in the continuing arrests and executions, and in a few literary works that spoke, in circuitous terms, of social issues. Sarit took the position of director of police to better carry out his anti-communist pogroms. Intellectuals of any oppositional tendency were terrorized, bookshops selling any literature of a vaguely opposition character were raided, students going abroad or returning were checked for subversive ideas. Even travellers bringing books into the country were checked and the mails were censored.[67] At the same time came U.S. cultural expansionism in the form of hundreds of American academics, educators and public administration specialists, who poured into the country to Americanize the Thai educational and administrative classes and at the same time sell the Thai on America's Coca-Cola culture.[68]

By the late 1960s the tyranny of the Thanom-Praphat regime, backed more and more obviously in its popular suppression by the United States, produced a new generation of recruits for Thailand's leftwing urban opposition, especially young intellectuals, young professors and students in the higher educational system. In the midst of world-wide student revolutionary and anti-imperialist activity, Thai students and teachers returning from the United States, Japan or European centers of student agitation brought home a more militant outlook and prepared the ground for a resurgence of radical urban opposition.[69]

In Bangkok, the intellectual scene in the late fifties and sixties was dominated by the only ones who could still express themselves: rightwing, often royalist writers whose works sought to turn Thai attention away from real social issues and into a dream world of egoism, idealism, and a glorification of the old *sakdina* culture. This was the heyday of writers such as Rong Wongsawan, Achin Banchaphan, Wilat Maniwat and Kukrit Pramot.[70] In this oppressive atmosphere, Thai students began to see that their professors were often out of touch with reality. They began to reject the mindless mouthing of American materialist and egoistic values by Thai professors educated by American graduate schools out of questioning their own society's moral condition. As the students of the late sixties put it, too many professors simply "*lok tamra farang ma son*" ("copied off a *farang* textbook and came to lecture").[71]

In 1968, a new Thai student militancy showed itself in the form of student election-watchers who insisted on policing the local elections of that year against corrupt practices. In intellectual and literary circles came the publication of the *Nangsu Phai Khao* (White Danger Books) that began to attack the heavy-booted American presence. By 1970-71, a trickle of leftwing journals and press periodicals began to appear once again, including *Maharat* (The Masses), *Chaoban* (The Villager), *Phua Chiwit* (For Life) and others. With the nascent student dissidence and growing solidarity, these foreshadowed renascent radical urban opposition that would burst out in the October 1973 student uprising and afterwards.

By late 1969, the reactionary nature of the regime, the American genocide in Indochina and Thai participation as mercenaries, the insulting presence of tens of thousands of American troops, with their bases and suburbs of whiskey and prostitute towns, the soaring cost of living while U.S., Taiwanese and Japanese capitalist profits increased, the rise in crime and drug use among young urban Thai while Police Chief Prasoet and the prime minister's West Point-educated son Colonel Narong grew wealthy on the heroin trade, the immoral disparity between the wealthy Mercedes-Benz and Bangkapi suburbs social classes and the urban and rural poor, and the regime's disinterest in moving from rule by junta to rule by constitution—all these antagonistic contradictions brought the Thai intellectuals and students together in greater solidarity. The principal manifestation of this was the *Sunklang Nisit Naksuksa haeng Prathet Thai* (National Student Center of Thailand or NSCT), formed in February 1970 to oppose the police regime and reform social ills.[72]

Though much of their pre-October 1973 activities had to be clandestine, it is clear from their subsequent words, writings and actions that the youthful intelligentsia, students and professors who gathered around NSCT after 1970 understood the polarized condition of their society and perceived the

weakness of Western-style liberal solutions. They could not fail to see that the comfortable advocates of this Western philosophy in Bangkok most easily accommodated themselves to Western imperialism and to the oppressive police regime in Thailand that did its bidding. The association of American-style liberalism with genocide, intervention and counter-revolution was too obvious by this time to be missed, even by an intelligentsia deprived of objective news sources. By the logic of their social circumstances, therefore, this young intelligentsia's espousal of the cause of the people brought it to a radical leftwing, socialist position.[73]

The stages by which this happened can be traced easily in the literary and journalistic endeavors that emerged on the left in the late sixties and early seventies. The best example here is the prestigious monthly review *Sangkhomsat Parithat* (Social Science Review), the finest intellectual journal ever published in Thailand.

Sangkhomsat Parithat began in 1963 as a staid, erudite organ of the *Samakhom Sangkhomsat haeng Prathet Thai* (Social Science Association of Thailand). It took form originally under the royal sponsorship of a prince of the blood, Krommamun Narathipphongphraphan, a former Thai delegate and president of the General Assembly of the United Nations, and known in the West as Prince Wan. It had a definite liberal, and sometimes almost royalist, orientation. It often featured articles in English by American writers, Asia Foundation officials and the like. By the late sixties it was changing, as its editors took note of the genocide in Indochina and the obtrusive American presence in Thailand. By 1970 its contributors and language had become almost exclusively Thai (except for a few radical Western writers blasting the U.S.-Thai academic counter-insurgency establishment). By the early seventies it had undergone a change in sponsors, to the pro-Pridi, left-liberal economist Dr. Puai Ungphakon, and in editorial staff, and began exposing the activities of the Asia Foundation and similar imperialist fronts in Thailand. With several other radical publications *Sangkhomsat Parithat* played a crucial role in the intellectual formation of the young men and women who, with the support of Bangkok's urban dispossessed, pushed the October 1973 uprising to victory.

The October Uprising was not the result of extensive planning or revolutionary preparations by any group, leftwing or otherwise. The movement that culminated in the uprising arose as a typically diffuse coalition of moderate liberals and leftwing oppositionalists banded together in the *Klum Riakrong Ratthathammanun* (Group for a Constitution, or KRR). This group was formed after anti-government rallies and demonstrations in Bangkok in June 1973. It was not directly related to NSCT, though its coordinator, Thirayut Bunmi, was a former NSCT secretary-general, and there were a number of students in it. The KRR's social composition and political outlook ranged from discontented bureaucratic types such as Police General Sanga Kittikhachon (brother of the prime minister), and Police Major Anan Senakhan, on the one hand, through old left-liberal Pridi loyalists such as Fak na Songkhla, to leftist radicals such as the Isan deputies Thep Chotinuchit and Khaisaeng Suksai, Professors Bunsanong Bunyothayan and Napphon Suwannaphanit, and the writer (for *Chaoban*) Montri Chungsirialak, on the other extreme.

The militant leftwing side of this spectrum was in the forefront of events in October 1973, beginning with the arrest of Thirayut, Napphon, Khaisaeng and nine others on October 6-7. The links of this militant core with the older Thai urban leftwing movement are shown by the fact that it operated out of the so-called "Thammrangsi Headquarters"—the law offices of the veteran Pridi loyalist Fak na Songkhla and the longtime Isan oppositionalist and assembly deputy from Nakhon Phanom, Khaisaeng Suksai. Both of these "mentors" of the younger militants in the KRR had done jail time as political prisoners in Latyao prison.

The government's arrest of the militant core of the KRR for leafletting on the constitutional issue triggered student agitation, particularly at Thammasat University. From that point on, the focus of events shifted to the Thammasat students and their leadership, and especially to the leftist Seksan Prasoetkun of NSCT after October 12. Thammasat students were joined by those of other universities, colleges, vocational schools and eventually, after October 12, in the streets, by government servants, shopkeepers, samlor drivers, workers and the dispossessed of the city. It was the growing solidarity between all these elements in Bangkok and even in the provinces that panicked the bureaucratic regime. It was forced to concede a constitution and the ouster of the Thanom-Praphat clique to save itself from social revolution. The young militants of the KRR, on the other hand, remained to become the backbone of the urban leftwing socialist movement.[74]

One result of the October 1973 uprising has been a period of precarious liberalization in which the reactionary forces, including the imperialist-supported bureaucratic, military and police groups—as well as liberal, political, and

International Bulletin

An eight-page biweekly bulletin of up-to-date news and analysis on Asia, Africa, Latin America, the Middle East, and Europe. Published by Internews.

"ANALYTICAL, CRITICAL, FACTUAL. THE FIRST REAL SUCCESSOR TO THE INFLUENTIAL I. F. STONE NEWSLETTER."
—Franz Schurmann

INTERVIEWS:
- Ex-agent Philip Agee on the CIA
- Daniel Ellsberg on nuclear weapons
- MIR leader Manuel Cabieses on Chile

SPECIAL REPORTS:
- U.S. hardens line on Korea
- Indonesia after Vietnam
- Laos: U.S. Bends with the Wind

Subscription rates: $5/six month's trial sub; $8/one year (24 issues); $15/year overseas airmail. Send check to **INTERNATIONAL BULLETIN, P.O. Box 4400, Berkeley, California 94704**

professional groups—each with its links to one or more political parties and to the Sino-Thai commercial world, are jockeying for control of the state and its spoils. These groups are united in opposing the social revolutionary groups—meaning the urban leftwing socialist bloc and the rural national liberation movements.[75]

V. The Reality of the Urban Leftwing

More than two decades of American scholarship on Thailand have produced a frame of mind among many Americans that is unwilling to accept the reality of a serious Thai radical movement and a radical intelligentsia in Bangkok. To see the Thai leftwing intelligentsia as it really is, and to assess its goals and its strengths, it is necessary to view its intellectual productions. An intelligentsia is most clearly identifiable on the basis of its ideas, and what social classes it speaks for and against. We must therefore assess the importance of the urban Thai left wing by appraising the social literature it has recently produced.[76]

In the paperbacks, in the daily and weekly papers, in the pages of formerly liberal or new journals on the bookstands of Thailand, there is a pervasive vocabulary of struggle on behalf of the *people.* the oppressed workers and peasants. This is the hallmark of the Thai urban and rural left wing. In the urban case this is all the more remarkable for today the legality of the leftwing intelligentsia is precarious, because all the old repressive anti-communist laws, and the forces who earlier applied them, are still intact. Nonetheless, the leftwing trends everywhere are undeniable. They are evident in such dailies as *Prachathippatai,* the finest daily in the country and a product of the October uprising, and in *Sieng Mai,* another product of the October uprising. Definite socialist trends are even clearer in the weeklies and periodicals. One of the best is *Mabarat,* which since 1971 has led the way in educating the broadest strata of the Thai people in socialist principles and Thai class and social analysis. *Chaoban* concentrated on the rural question and brought the peasant issue to the attention of the Central Thai readership. The weekly *Esia* (Asia), appearing after the October uprising, took an anti-government, anti-imperialist stance and covered the role of American imperialism in Latin America as well as in Asia. The weeklies *Mahanikhon* and *Mahachon* (the latter named after an earlier socialist journal of the late forties) also took an anti-capitalist, anti-imperialist stance, and are widely read. New journals such as *Raengngan Thai* (Thai Labor) and the more radical *Raengngan Parithat* (Labor Review) also stem from the October uprising and for the first time in many years publicize the miserable plight and oppressed conditions of Thai urban labor.

Still further to the left are the publications of students and intellectuals who were at the center of the anti-militarist struggle before and during the October uprising and form the core of the present urban radical opposition. For example, the fortnightly *Sun* (The Center) and *Athipat* (Sovereignty) issued weekly, both published by the NSCT, have taken a consistently leftwing, critical stance on Thai social and political issues, and deal sympathetically with the problems of peasants, workers, ethnic minorities and regional dissidents throughout the country. Even more radical was the monthly P.Ch.P.Ch. (acronym for *Prachachon phua prachathippatai,* People for Democracy), which appeared in the spring of 1974, put out by the core group of students, professors and politicians whose arrest in October 1973 by the Thanom-Praphat regime for advocating constitutionalism triggered the October uprising. The real leftwing character of that uprising is indicated by the fact that from this group has issued the present *Phak Sangkhomniyom haeng Prathet Thai* (Socialist Party of Thailand), which is the center of the leftwing bloc in the new national assembly. The definitely revolutionary position of this group is clear in their journalistic efforts, including the *P.Ch.P.Ch.* journal, and its successor, *Pituphum* (La patrie, named after an earlier, suppressed socialist journal of the fifties).

Similar periodicals of a revolutionary bent include occasional publications such as *Khonchon* (The Poor People) put out by the *Saba Naksuksa Seri haeng Prathet Thai* (United Free Students of Thailand). This serial is remarkable for its simple language, written so that it is easily comprehensible to the common people.

All these are in direct conflict with the established, bourgeois press, with its typical avoidance of social issues, its elitism, its stress on lurid crime, sex and sensationalism, calculated to stupify and desensitize its Thai readership.[77]

The leftwing urban intelligentsia is also visible in the field of intellectual journals, most conspicuously *Sangkhomsat Parithat.* Recent issues, for example, have dealt in radical terms with such problems as the opium trade and the 93rd KMT regiment in the "Golden Triangle" (February 1973), the CIA role in Thailand, including a photo of the present station chief (February 1974),[78] the American-Japanese multi-national corporations' scheme to cut a canal at Kra (April 1974), American cultural imperialism through the American Field Service and the Peace Corps (July 1974), the exploitative role of banks in Thai society (June 1974), and the American domination of the Thai economy and military (August 1974).

The resurgent left wing has worked a virtual revolution in the Thai paperback trade since October 1973. Unlike the anodyne, American-style "civics" manuals and how-to-do-it works on technical trivia that dominated the sixties, the cheap, easily available paperbacks of today are likely to deal with formerly taboo issues, especially social questions such as peasant, land and labor problems and international problems relevant to the Thai scene. The approach is frequently radical. One recent Thai estimate puts the number of books produced by the left wing on China alone at around 100.[79] The bookshops and kiosks I visited in the summer of 1974 carry sympathetic studies of the struggles of such figures as Mao Tse-tung, Chou En-lai, Ho Chi Minh, Vo Nguyen Giap, Norodom Sihanouk, as well as Castro, Marx and Lenin. It is indicative of the character and outlook of the Thai left wing that the Chinese revolution of 1949 and Maoist socialism command by far the most attention in this literature.

None of the foregoing is meant to suggest that the Thai left wing of today is agreed on all things. On the contrary, as might be expected, there are numerous shades of radicalism on the left and differences of opinion on many matters. Yet, the more one reads its theoretical and literary productions, the more one must be impressed by the common ethic that it seems to share. It is an ethic that sets it distinctively apart from the *sakdina,* capitalist and militarist classes that still today dominate Central Thai society. That ethic is, put simply, *rapchai prachachon* (serve the people): this is the principal moral point of departure for the left-wing critique of the hybrid social monster presently supported by America in Thailand. The general tenor of urban leftwing writing seems to

depict the social struggle today in Thailand as simply the people vs. the *sakdina*-capitalist, imperialist-backed militarist state. Implicit in this position, too, is the nationalist rejection of imperialism and the socialist rejection of the bourgeois-capitalist order of the West as inhumane.

VI. Conclusions

If we concede to the Thai a living history of their own and attempt to understand it through a sympathetic reference to the literary productions of the Thai peoples themselves, we must accept the Thai national liberation movement as an organic part of the processes of that history. The hackneyed old themes of "trans-border subversion," "aggression," and "foreign transplantation" then come clear for what they are: syndromes of a larger mentality that denies to the Thai, as it has to the Cambodians, the Lao, the Vietnamese, the Chinese, the Koreans, the Cubans, the Blacks and numerous other national and ethnic groups, the right to a living history rather than the dead, "classic" part which is usually conceded them, since it suggests their better days are safely behind them. It is clear that the Thai people (like their Vietnamese, Laotian and Cambodian neighbors), are on the threshold of a future that they will finally be able to make for themselves.

Neither the facts nor the general social history of contemporary Thailand permit us to interpret the October 1973 uprising as an attempt to install an American or Western-style bourgeois-capitalist, constitutional regime in Thailand. Even if the Thai did not have the striking models of social progress in neighboring countries to educate them, their own social order is so basically akin to their neighbors' that there is no historical reason to see the fate of Western liberalism as any brighter in Thailand than elsewhere in Southeast Asia. The mouthing by Thai aristocrats, large landholders, military bureaucrats and Sino-Thai capitalists of liberal slogans that might have had some meaning a century ago in Western Europe only renders these classes more hypocritical in the eyes of Thai youth today, for the connection between all of these oppressive classes and Western, Japanese and Taiwanese imperialism is too obvious for anyone to miss today—and if it is missed, there is a leftwing press to point it out. It is the remarkable accomplishment of the Thai left wing that they have recognized the nature of this imperialist-backed state coalition and have realized that nothing but the power of the people (*phalang prachachon*), that is the workers and peasants, can overcome it. To that end, constitutionalism may be a temporary stepping stone, but the paraphernalia of bourgeois capitalism, individualism, free enterprise for businessmen, etc., are in no way connected with the goals of the left wing and the makers of the 1973 uprising.

It is clear that the leaders of that uprising, as well as their mentors, see themselves as the direct heirs not of Ben Franklin or Abraham Lincoln but of the American-decimated leftwing movement of the fifties and sixties and the earlier Pridi-style socialists of the thirties and forties. These leaders have taken pains to identify themselves with that tradition, have resurrected its executed or exiled heroes, and have gone to great efforts to re-publish the suppressed literature of that tradition. Finally, they have banded together to form groups (such as the People for Democracy group) that eventually emerged as the leftwing, anti-imperialist and socialist bloc (the *Phak Sangkhomniyom* and the *Naeoruam Sangkhomniyom*) in the present constitutional assembly.

Finally, if the social and political history of the thirties, forties and fifties is treated fairly, both the urban and rural radical opposition movements emerge as one integral whole. They stem from the urban opposition, ill-formed, inchoate as it was, in the thirties. The anti-Japanese effort in World War II brought to the movement its first taste of "ruralization." The movement was therefore better able to survive in the countryside under the pressure of American military-economic expansionism and anti-communism after the war. This development was evident in the history of the Thai Communist Party, which survived the American onslaught by shifting to a Maoist-style *maquis* strategy in rural Thailand. The party remains the most ideologically systematic force in the Thai national liberation movement today, but the urban left wing, surviving much closer to the reactionary center of power in the capital and after October 1973 considerably reinforced and strengthened, still has an important part to play in the overall revolutionary movement in the country. The TCP has often recognized this by praising the political and social agitation of leftwing forces in Bangkok over its clandestine radio. For its part, the urban leftwing, in the form of the socialist bloc in the present assembly in Bangkok, has already contributed to the eventual defeat of U.S. hegemony by forcing the government to cut off American military base use and limiting America's presence in Thailand.

What role the urban leftwing will play in the final stages of social revolution in Thailand depends heavily on American policy, which makes the urban areas its bases of power. Given a weakening or relaxation in American military-economic presence in Thailand, a coalition government including national liberation forces in the countryside is quite conceivable and would of course be the peaceful and humane road toward social dignity and progress. The Thai left wing has already moved to suggest such a coalition government which, with the abolition of anti-communist laws, would include the TCP and related forces. But with an intransigent and fanatical counter-revolutionary America heavily on the scene, the fate of the urban left wing may be that of the Saigon left wing of the fifties: to swell the ranks of the jungle cadres for an eventual assault by force on the towns. Whatever form the Thai liberation movement eventually takes, the urban leftwing is at present an important part of that historic march. It very much deserves and desires to be recognized as such by progressive forces around the world.

Notes

1. Blanchard, 1957, pp. 484-85.
2. Ruangsin, 1974, 389. See also Chit Phumisak, 1974, a devastating indictment of Thai traditional (*sakdina*) society that, if read, would end forever the fairytale "King and I" approach to Thai history. A much earlier scholar, Luang Wichit Wathakan, had already pointed out in the late thirties that the old Thai social system was far more cruel than anything in the West. Wathakan, 1962, 30.
3. Ishii, 1966, 1-36; Lingat, 1931, passim, Sewamat, 1967, 8-26; Wathakan, 1962, 25-41.
4. Kitamura, 1963, 41-53.
5. On traditional land tenure: Wathakan, 1962, 7-25; Lingat, 1940, 13-41.
6. Khurusapha, 1962, 4 vols.
7. Phumisak, 1974, 33ff. Contrast this with European feudal-

ism as in Bloch, 1964, and with Japanese feudalism as in Duus, 1969. *Sakdina* is closer to the old Russian *pomestie* institution for the *boyars*, long ago recognized as distinctly unfeudal by Russian historians such as Kliuchevski. See Florinski, 1960, 176-79. Herein I will use the term *sakdina* to characterize the old society, as recent Thai writers are doing, but I do so to distinguish it from feudalism. The point is theoretically crucial but cannot be labored here. For brevity I also omit discussion of the undifferentiated Thai town (*muang*), an administrative entity, and the village (ban), for which see the excellent essay in Koset, 1967, 37-42.

8. Lingat, 1940, 1-11; Wathakan, 1962, 13.

9 On emancipation: Lingat, 1931, 227ff, Ishii, 1965, 36-53; Sewamat, 1967, 41ff. On land rationalization: Lingat, 1940, 57-58. For Japan: Norman, 1940, 96ff.

10. Lingat, 1940, 42-50; Phumisak, 1974, 214-15. The state still owns over half of all land in Thailand today. Senanarong, 1969, 69, chart.

11. Phuaphousakon, 1974, 59-60, charts. Anonymous, May 1974, 31-37, charts; Motooka, 1965, 22ff, charts; Tanaka, 1972, 198-99.

12. Khurusapha, 1962, IV, 164-65; Ishii, 1970, 442-461; Ishii, 1971, 2-18.

13. Khurusapha, 1962, IV, 36-39; Wathakan, 1962, 111-130.

14 Takasaki, 1967, 18-32, Kitamura, 1963, 53-57, Mantetsu, 1963, 53-57; Futabashi, 1962, 33-55, Skinner, 1962, 28ff, 91-125.

15. Tanaka, 1972, 197-98; Kitamura, 1963, 54.

16. Yano, 1968, 113-126, Makaraphong, 1962, esp. 276 and 283. Both see the 1932 revolution as "bureaucratic" and recognize the continuity thereafter of elitism.

17 Tanaka, 1962, 198. On the whole question of the socio-economic role of the Chinese in Thai history see Phumisak, 1974, 287ff.

18. Sakchiraphaphong, 1974, 48 On the Chinese bourgeoisie in China: Bergère, 1968, 19-57, Balazs, 1964, Part One.

19. Chusaeng, 1974, 38-39

20. For the Thai leftwing's appreciation of the current social situation, see the concluding remarks of this paper.

21. On the initial Thai clash with the imperialist West in the 19th century see Duke, 1962.

22 King Phrachomklao (Rama IV or Mongkut, as he is known in the West) in whose reign (1851-68) British and French imperialism came to Thailand in force, showed himself quite willing to do what the dynasties in Vietnam and Cambodia did in these same years and submitted his kingdom to a foreign protectorate to preserve his throne. In correspondence in 1866 with the British consul Knox, he wrote:

> *I wish to tell you personally, outside of my government, that if the British protectorate [over Thailand] is necessary, I and my family will assent to it . . (My translation from Duke, 1962, 55)*

Only inter-imperialist rivalry saved him and Thailand from this fate.

23. The late Chit Phumisak, with whose historical analysis of Thai society my own generally concurs, and who was Thailand's first Marxist scholar, once wrote that the postwar social situation in Thailand was characterized by a struggle between "those who take advantage, oppress and exploit, and those who are oppressed and exploited, which can be termed a class struggle. . . . Those who are oppressed and fall into slavery must seek a way to escape and liberate themselves by uniting their forces and making a revolutionary uprising . . ." *Sinlapa phua chiwit, Sinlapa phua prachachon* (Art for Life, Art for the People), cited in Yuwiangchai, 1973, 91.

24. My understanding of the historic role of the intelligentsia stems from Marx, 1970, Part One, "Feuerbach"; and the ideas of Antonio Gramsci, especially per the interpretation of Piotte, 1970, Chapters One and Two. For the intelligentsia in the Thai context, I have used Chaiyanam, 1973, 42-51: an excellent application of Gramsci's ideas to the contemporary Thai scene. Somwichian, 1973, Part Four, is useful, though weak in social theory.

25. On the link between the 1932 promoters and the Chinese business world, see Kawabe, 1972.

26. Because it lacks an indigenous social base, this intelligentsia tends to console itself with the legal abstractions of the Western liberal bourgeois order which it so much admires from afar. Hence the great number of lawyers and legal scholars among this liberal intelligentsia in Thailand. At least in legal abstractions they can find something of the bourgeois order that their Thai world otherwise denies them.

27. The liberal Thai scholar Somwichian, 1973, 101-102, recognizes the bureaucratic character of what we term the liberal intelligentsia in coining the very apt term "pannyachon kharatchakan," i.e., literally, "functionary intelligentsia." It is of course possible to distinguish further nuances within this intelligentsia, as Somwichian and others have.

28. Again, one could elaborate on the nuances in this radical or leftwing intelligentsia.

29. Sukhonthaphirom, 1974, 105-06, Anonymous, Nov. 1974, 18. The royalist fear of popular revolution thus tended toward the paranoid, and the Thai monarchy's secret police, the *tamruad phuban*, cooperated with the imperialist powers' counter-revolutionary agencies such as Interpol, the *Sûreté générale*, and the Japanese police in tracking "communists." After 1933, when the military took power under Col. Phahon, the anti-communist paranoia tended to abate gradually, especially under Col. Phibun, who took power in 1938. He was French-educated and less panic-stricken by socialism than by his own immediate political enemies. His police director, Luang Adun Detcharat (later a big name in the "Free Thai" Movement) filled the jails with Phibun's political enemies. The Thai secret police, renamed *tamruad santiban* after 1932, became ideological once again only after World War II, when anti-communism became a paying proposition under U.S. auspices, and the Thai police directors, beginning with Phibun's man Phao Siyanon, were virtually on the CIA payroll. Senakhan, 1974a, 22-28.

30. Chaiyanam, 1973, 42-44.

31. On Th. W. S. Wannapho: Somutthawanit, 1974. For his influence on Pridi, see the latter's memoirs in Bamrungrit, 1974, 122ff. Wannapho (Thianwan) was whipped and tossed into jail by order of King Phrachulachomklao (Rama V) because he expressed radical ideas. Another early precursor of Thai radicalism was K. S. R. Kulap, a pioneer publicist of the fifth reign.

32. See Sichan, 1960; Yano, 1968, 33-39.

33. The best biography of Pridi: Dantrakun, 1973.

34. Gaimushō, 1960, 118ff; Skinner, 1957, 235-37, 265; Thompson and Adloff, 1950, 51ff (but many errors); Thapthiumai, 1974, 326ff; Anonymous, Dec. 1973, 17.

35. Saraphaiwanit, 1969, 128-32, 150-54, 256-57; Thapthiumai, 1974, 329ff notes that Chinese radicals in Thailand at that point had sought refuge there from the KMT white terror after 1927. On Vietnamese communists in the Isan in the late twenties and early thirties see *Sûreté générale*, 1933, IV, 44.

36. The Isan (northeastern Thailand) is inhabited chiefly by Lao-speaking groups and was only added to the Thai empire in the 19th century. It is geographically and to some extent culturally and linguistically distinct from Central Thailand. See Mikuson, 1974; Keyes, 1974.

37. On this important intellectual—a key figure in the emergence of a true socialist movement in Thailand—see Suwanaphichon, 1974.

38. Some basic sources on Pridi's famous plan: Premchit, 1973, for Thai text and counter-arguments of the king; Landon, 1939, 321ff for English text, Fistié, 1969, for French text and full-length study; Bunnak, 1957 for full study; Yano, 1968, 76ff for very knowledgeable discussion. The king attacked the plan as "communistic," attacked Pridi as "Stalinistic," and blamed the 1932-33 labor unrest in Bangkok on him and "communists." Saraphaiwanit, 1969, 2ff.

39. "Chantana," 1964.

40. On the *Seri Thai*, see "Chantana," 1964, Chaiyanam, 1966, 298ff; Khemayothin, 1967; Dantrakun, 1973, Chapters 26-29; Smith and Clarke, 1946. The *Seri Thai* epoch forms a crucial turning point in Thai social history, and much more study is required of this key period.

41. "Chantana," 1964, 394.

42. Good detail on Chinese Communist intellectuals, their press and groupings appears in the Japanese police report Taiwan Takushoku KK, 1939, 91ff.

43. For reasons discussed below, Thai and American counter-insurgency historians have had the stage to themselves and have played to captive audiences in writing the history of and interpreting the Thai national liberation movement. It is typical of the counter-insurgency approach that these histories are less histories than police-blotter-style "profiles" and bureaucratic "updates" such as might deal with criminal movements. Lacking anything better, they have to be consulted. In Thai, Chaithonphan, 1974, is based on official Thai counter-insurgency documents. Sènakhan, 1974b, is based on similar sources, written by

Communist Suppression Operations Command (CSOC) officers who, incidentally, reject the CIA-Pentagon hard line against the Thai liberation forces. Sawatsi, 1974, is a mixed bag, carrying much official analysis but also reflecting the sympathies of the Thai post-1973 intelligentsia. Thapthiumai, 1974, is a leftwing but extremely erratic account, as is most of this man's writing, but he did have access to leaked secret documents. Other scattered writings of some use might include Phonkaeo, 1970, by a former Isan official with close U.S. official connections. Perhaps the best study is Fistié, 1968: a reasoned and sympathetic account, though Fistié does not consult Thai materials. In English, Wilson, 1959, 1967a and 1967b, do consult Thai materials and carry useful information, though Wilson views the Thai national liberation movement in classic counter-insurgency terms: a simple problem of pathology and surgery.

44. Chaithongphan, 1974, 21-22; Senakhan, 1974b, 19. The historic connection between the Thai communist movement and the *Seri Thai* movement, and the nationalist momentum the former took from the latter, bears comparison with the benefits the Vietminh (and its Indochinese Communist Party leadership) drew from the connection with KMT-sponsored Vietnamese nationalist groupings in South China in the early forties. See Chiang, 1972, 143ff.

45. The leaders of the 1947 coup included all of the militarists who dominated Thai politics in the fifties and sixties, and some who are still active today, such as Prachuap Suntharangkun and Prasoet Ruchirawong (see text below). On the 1947 coup. Tantikun, 1972.

46. This work was originally published in 1957 under one of Chit Phumisak's many pseudonyms, "Somsamai Sisuthonphan." His chief work on literary and art criticism appeared under the pseudonym "Thipakon" in two volumes in 1957, *Sinlapa phua chiwit, Sinlapa phua prachachon* (Art for life, Art for the People), and was reissued in 1972. Phraya Anuman Ratchathon, a widely-recognized student of Thai history and rural society, praised Chit as an "unusually good student of languages and Thai literature," and as a humane person "keenly conscious of the oppressed condition of the great majority of manual laborers, and who chose a violent way to solve the problem. . . ." Yuwiangchai, 1973, 77.

47. Sawatsi, 1974b, 125ff; Winnarat, 1974, 14; Gaimushō, 1960, 119; Senakhan, 1974, 30-38. Phao played a key role in bringing the military back to power in 1947; thereafter he became Phibun's hatchet man as vice director of police (1947-51) and director of police (1951-57) as well as the CIA's chief contact man in Thailand. He left Thailand in 1957, a wealthy man from the proceeds of drugs, corruption and US AID funds.

48. Winnarat, 1974, is a well-researched Thai study, based on official documents and extensive interviews, of the heavy CIA and Pentagon involvement from the fifties through the present day with the Thai government and portrays clearly the degree to which the U.S.A. has used its wealth and hardware to manipulate the histories of Third World countries for its own purposes See also "Thanalai" (psued.), 1974, esp. 194ff. This work is a good example of the growing Thai realization that their country has been manipulated, with the magic wand of anti-communism, for over twenty years by the U.S.A. Similar exposes include Thapthiumai, 1974a, and Sarakham, 1974, as well as much occasional writing in the leftwing press.

49. Wilson, 1959, 101.

50. Chaithongphan, 1974, 22; Senakhan, 1974, 71 (dates the Second Congress in 1951); Sawatsi, 1974b, 126 (notes that original TCP policy was to concentrate on mobilizing workers, intellectuals and students in the urban areas).

51. Mao Tse-tung, 1968, I, 167-68; Ishikawa, 1958, 132-33.

52. Burutphat, 1968, 249.

53 Senakhan, 1974a, 41; Thongpao, 1974: this is an extremely important memoir by a Thai intellectual who spent several years in the detention center for political prisoners in Latyao Prison. It is an inside look at many of Thailand's leftwing intellectuals who were in Latyao in the fifties and sixties (many are still there) and stands as living testimony to the reality, vitality and Thai-ness of the leftwing movement.

54. Kulap Saipradit died in exile in Peking, June 16, 1974, at age 69. His development from a pre-war liberal idealist with a social conscience to a postwar socialist and anti-imperialist is well reviewed in Suwanaphichon, 1974.

55. On Nai Phi, see Klatyu, 1974, 115-151.

56. He was arrested in 1958 for having written radical articles for the student newspapers at Chulalongkon University, where he graduated in 1957. He was put into Latyao Prison with hundreds of other political prisoners, few of whom were communists when they went in, but most of whom were when they got out (in this sense Latyao performed the same function that the French penal island of Con Son did for the Vietnamese communist movement). He was never formally charged or tried, but was released in 1964, though still harassed by the Thai and U.S. secret services. In 1965 he finally fled to the Isan region, where he was shot dead by local police in that year. Sawatsi, 1974a is a sympathetic biography; Klatyu, 1974, 154-231, deals with his literary and art criticism theories; Thongpao, 1974, 81ff, discusses his years in Latyao prison.

57. Winnarat, 1974, 18ff. Sarit's ties with the U.S. were almost exclusively through JUSMAG, the Pentagon agency in Bangkok. The CIA, which had literally put its money on the Thai police in the Phao Siyanon era, found itself weakened for a time in Bangkok, since it had to go through Sarit's interior ministry (*mahatthai*) to pull strings. With the JUSMAG connection, Sarit's army increased its material strength and its political influence over that of the police.

58. Sukhonthaphirom, 1974, 107, Senakhan, 1974a, 74 and Senakhan, 1974b, 26.

59. Winnarat, 1974, 19-22, Senakhan, 1974a, 45ff, for Prasoet's career. He was a typical U.S. ally in Asia. A commander of artillery (the most powerful of all army units), he continued a long tradition in the artillery section's headquarters of maintaining it as an opium gathering, storing, and refining station—in fact, the largest one in Thailand. It was so bustling that the villagers living around the area were reportedly so addicted by the fumes that they could not leave the area for fear of becoming ill. Prasoet, as artillery commander and police chief, reaped the profits from this operation. In addition he owns at least two tin mines, a school, owns several other enterprises directly and is president of the Bank of Ayuthia as well as of many other companies He is on the boards of directors of still other companies and corporations and owns huge slices of land in Bangkok and the provinces He is still on the political scene today, and reportedly has political ambitions, a typical product of the American era in Southeast Asia.

60. Senakhan, 1974a, 47-48, notes that Prasoet was often under direct pressure from the Americans, probably the CIA, to push the anti-communist campaign.

61. CSOC was the U.S. and Thai response to the victories of Thai liberation forces over conventionally-organized, U.S.-trained government forces in clashes in 1964-65. CSOC is heavily advised by U.S. military and CIA personnel; its approach is that of the U.S. pacification programs—including the Phoenix assassination and resettlement programs (source: private communication)—in Indochina Atrocities associated with these programs have begun to come to light recently, thanks to the post-1973 Thai left wing. Thai officials admit now that it has failed to "do the job." See Winnarat, 1974, 22-23; Senakhan, 1974b, 27-28. The most recent of these atrocities involves the burning alive of 3000 suspected communists in Phatthalung Province in the south in 1971-72 by CSOC (see *International Bulletin*, April 11, 1975, 6). Since the first of these exposes broke out (that of Nasai village in 1973) the bureaucratic government has sought to cover them up.

62. Senakhan, 1974b, 76-77. This Front covered several organizations, notably in the Isan. For a translation with commentary of an important policy document of the Front, see Anonymous, Sept -Oct. 1972, 7-14.

63. Senakhan, 1974b, 77-78

64. Darling, 1974, 27-38, esp. 36-37. He notes that the Bangkok government is in serious trouble in the north, the northeast and the south.

65. See the candid remarks of Dr. Puai Ungphakon, cited in Sukhonthaphirom, 1974, 105.

66. Sawatsi, 1974b, "khamnam."

67. Senakhan, 1974a, 39-45, Anonymous, August 1974, 51ff.

68. For radical interpretations of the U.S. postwar presence in Thailand in general, see Anonymous, Aug. 1969, Anonymous, September-October 1972, Marshall, 1974, Thaxton, 1973, Morrow, 1972.

69. Senakhan, 1973, 29-30.

70. Anonymous, August 1974, 51-52. At this writing, Kukrit Pramoj is the Thai premier.

71. Yuwiangchai, 1973, 79.

72. Senakhan, 1973, 29-47 on the establishment of NSCT.

73. Sibanthit, 1972. I also base this on many conversations with former leaders of the constitutional movement (*klum riakrong ratthat-*

bammanun) that led to the October 1973 uprising, and especially with those who later formed the *Pracbachon pbua pracbathippatai* (People for Democracy) group.

74. My understanding of the October 1973 uprising stems from contacts with participants (see note 73), and from the following source materials (in addition to relevant newspaper accounts): Anonymous, 1973 (perhaps the most accurate account to date, by Thammasat University students), "Ruabai," 1974 (rare testimony by key participants); Senakhan, 1973 (an account by several policemen but fair introduction to the background); Detkhunchon, 1973 (a collection of articles that appeared originally in Kukrit Pramot's conservative *Sayam Rat* newspaper); "Khun Yaeng," 1973 (useful account with documents, conservative interpretation by a former reporter for the sensationalist *Thai Rat* newspaper). American accounts of October 1973 are relatively rare, perhaps because the popular and leftwing, anti-imperialist dimensions of the uprising upset so thoroughly the usual American preconceptions about the Thai. They all see the uprising and its aftermath as a noble but, by implication, premature attempt by impatient youth to implant an American-style, constitutional bourgeois democracy in Thailand. Heinze, 1974; Race, 1974; Zimmerman, 1974; Prizia and Sinsawasdi, 1974.

75. Sakchiraphaphong, 1974, 48ff.

76. The following discussion of the Thai leftwing press was current as of mid-1974, when I surveyed it in Thailand. No doubt some periodicals cited have folded, and new ones have appeared.

77. For background on the Thai press see Rekharuchi, 1966.

78. His name is Bernardo Hugh Tovar, former station chief in Laos.

79. Anonymous, August 1974, 53.

REFERENCES

Anonymous, Aug. '69. "The U S. Military and Economic Invasion of Thailand," *Pacific Research*, I:1 (Aug 3, 1969), 1-5.

Anonymous, Sept. '69· "The Guerrilla Movement in Thailand," *Pacific Research*, I 2(Sept. '69), 16-23.

Anonymous. Jan.-Feb -March '70: "Agile in Thailand," *Pacific Research*, II 1(Jan -Feb.-March '70), 6-8

Anonymous, Sept -Oct. '72: "Our Own Affairs," *Pacific Research*, III 6(Sept.-Oct '72), 7-14.

Anonymous, Sept -Oct. '72a: "Piping Oil Through Thailand," *Pacific Research*, III 6(Sept.-Oct '72), 4-6

Anonymous, 1973. *Warasan O M Th Chabap phiset 14 tulakhom, wan mahapiti* (Thammasat University Journal Special Edition: October 14 Day of Great Joy), Krungthep, 1973.

Anonymous, Dec '73 "Muang thai ph.s. 2520: muan wietnam tai wan ni" (Thailand in 1977 Like South Vietnam Today), *Prachachat*, Dec. 27, 1973, 17.

Anonymous, Feb '74. "Buanglang kanchorakkham khong saharat to prathet thai" (Behind the Pillage of Thailand by America), *Sangkhomsat Parithat*, 12:2(Feb. '74), 37-46.

Anonymous, May '74. "Pathirup thidin· khommunit ru totan khommunit?" (Land Reforms: Communist or Anti-Communist?" *Prachachat*, 1.27(May 23, '74), 29-37.

Anonymous, Aug '74· "Kantosu thang wannakam" (The Literary Struggle), *Pituphum*, 1·1(Aug. '74), 48-53

Anonymous, Nov '74 "Botkhwam phiset· khuan yok loek kotmai khommunit ruyang?" (Special Article· Should We Abolish the Communist Laws or Not?), *Maharat*, Nov 9-17, '74, 18

Anonymous, 1974. *Pramuan phap lae hetkan* (Collection of Photos and Events). Krungthep: 1974

Balazs, 1964: Etienne Balazs, *Chinese Civilization and Bureaucracy* translated by H. M. Wright New Haven, 1964.

Bamrungrit, 1974· Wichai Bamrungrit, ed. *Bantuk. nakpathiwat thai* (Memoirs: Thai Revolutionaries). Krungthep, 1974.

Bergère, 1968: Marie-Claire Bergère. *La Bourgeoisie chinoise et la révolution de 1911* Paris, 1968.

Blanchard, 1957: Wendell Blanchard et al. *Thailand* New Haven, 1957.

Bloch, 1964: Marc Bloch. *Feudal Society* 2 vols Chicago, 1964.

Bunnak, 1957: Duan Bunnak. *Than pridi ratthaburut awuso phu wang phaen setthakit thai khon raek* (Mr. Pridi: Honorable Statesman and First Person to Lay Out a Thai Economic Plan), Krungthep, 1957

Burutphat, 1968 Khachatphai Burutphat. *Kanmuang lae phak kanmuang khong thai* (Thai Politics and Political Parties). Phranakhon: 1968.

Chaithongphan, 1974: Prasit Chaithongphan. *Kantosu khong phak khommunit thai* (Struggle of the Thai Communist Party). Krungthep, 1974.

Chaiyanam, 1966: Direk Chaiyanam. *Thai kap songkhram lok khrang thi song* (Thailand and the Second World War). 2 vols. Phranakhon, 1966.

Chaiyanam, 1973: Suraphong Chaiyanam. "Wa duai panha udomkan" (On the Problem of Ideology). *Sangkhomsat Parithat*, 3:11(March 19, '73), 42-51.

Chiang, 1972: Chiang Yung-ching. *Hu Chih-ming tsai chungkuo* (Ho Chi Minh in China). Taipei, 1972.

Chusaeng, 1974: Suchat Chusaeng. Review of *Chomna sakdina thai* in *P.ch P.ch* (People for Democracy), 1:3(June-July '74), 37-39.

Dantrakun, 1973: Suphot Dantrakun. *Chiwit lae ngan khong dr. pridi phanomyong* (Life and Work of Dr. Pridi Phanomyong). Krungthep, 1973.

Darling, 1974: Roger Darling. "A New Conceptual Scheme for Analysing Insurgency." *Military Review* LIV:2(Feb. '74), 27-38.

Detkhunchon, 1973: Wasit Detkhunchon. *Het koet nai krung ratanakosin* (The Events That Arose in the Capital). Krungthep, 1973.

Duke, 1962: Pensri Duke. *Les relations entre la France et la Thailande (Siam au XIXe siècle d'après les archives des affaires étrangères)*. Bangkok, 1962.

Duus, 1969: Peter Duus. *Feudalism in Japan* New York, 1969.

Fistié, 1968. Pierre Fistié. "Communisme et indépendance nationale en Thaïlande." *Revue francaise de science politique.* XVII:4(Aug. '68), 685-714

Florinsky, 1961: M. T. Florinsky. *Russia: A History and an Interpretation*. New York, 1961.

Futabashi, 1962: Futabashi Shōdō. *Tai no rōdō jijō* (Thai Labor Situation). Tokyo: 1962.

Gaimushō (Japanese Foreign Ministry, Asia Section), 1960: Gaimushō Ajiya kyoku, compiler. *Taikoku seiji jijō* (Thailand's Political Situation). Unpublished MS., Tykyo, 1960.

Heinze, 1974 Ruth-Inge Heinze. "Ten Days in October—Students *vs* the Military: An Account of the Student Uprising in Thailand," *Asian Survey*, XIV·6 (June, '74), 509-429.

Ishii, 1966: Ishii Yoneo, *Tai ni okeru fujiyū rōdōsei no kaitai* (Dissolution of the Unfree Labor System in Thailand). Tokyo, 1966.

Ishii, 1970. Ishii Yoneo: "Kokka to shūkyō ni kansuru ikkōsatsu: rama issei ni okeru bukkyō no yōgo" (The Protection of Buddhism in the Reign of Rama I. A Further Inquiry Concerning State and Religion), *Tōnan Ajiya Kenkyū*. 7:4 (March '70), 442-461.

Ishii, 1971. Ishii, Yoneo. "Kokka to shūkyō ni kansuru ikkōsatsu (II): sukōtai ni okeru daiji-ha jōza-bu bukkyō no shūyō o meguru shomondai" (Some Problems Concerning the Reception of Mahavihara Theravada Buddhism at Sukhothai: A Further Inquiry into Religion and the State). *Tōnan Ajiya Kenkyū* 9:1 (June 1971), 2-18.

Ishikawa, 1958: Ishikawa Tadao. *Chūgoku kyōsantō-shi kenkyū* (Studies in the Chinese Communist Party). Tokyo, 1958.

Kawabe, 1972· Kawabe Toshio, ed. *Tōnan ajiya kakyo shakai hendō ron* (Transformations in Southeast Asia's Overseas Chinese Society). Tokyo, 1972.

Keyes, 1967: Charles Keyes. *Isan: Regionalism in Northeastern Thailand*. Ithaca, 1967.

Khemayothin, 1967. Net Khemayothin *Ngan taidin khong phan-ek yothi* (Underground Work of Col. Yothi). 3 vols. Phranakhon, 1967

Khurusapha, 1962: Khurusapha, compiler. *Kotmai tra sam duang* (Laws of the Three Seals). Krungthep, 1962.

Kitamura, 1963: Kitamura Hiroshi, ed. *Tai no keizai kaihatsu* (The Economic Development of Thailand). Tokyo, 1963.

Klatyu, 1974: Chonthira Klatyu. *Wannakhadi khong puangchon* (Literature Of All The People) Krungthep, 1974.

Makaraphong, 1962· Thawatt Makaraphong. "The June Revolution of 1932 in Thailand: A Study in Political Behavior." Unpubl. Ph.D. diss., Indiana University, 1962

Mao Tse-tung, 1968: Mao Tse-tung. *Mao Tse-tung hsuan-chi* (Selected Works of Mao Tse-tung). 4 vols. Peking, 1968.

Marshall, 1974. Jonathan Marshall. "Thai Airport Deal," *Pacific Research*, VI·1 (Nov.-Dec. '74), 1-4.

Marx, 1970: Karl Marx. *The German Ideology*. New York, 1970.

Morrow, 1972: Michael Morrow. "Thailand: Bombers and Bases—America's New Frontier," *Journal of Contemporary Asia* 2:4(1972), 382-402.

Motooka, 1965· Motooka Takeshi. "Taikoku ni okeru nōchi mondai to nōchi seidō kaikaku" (The Agrarian Problem and Reform of the Agrarian System in Thailand). *Tōnan Ajiya Kenkyū*. 2:4(March '65), 20-37.

Mikuson, 1974. Phaithun Mikuson. *Kanpatirup kanpokkhrong monthon isan nai ratchasamai phrabatsomdet phrachulachomklaochaoyuhua* (Administrative Reform of the Isan in the Era of Chulalongkon) Krungthep, 1974.

"Nai Chantana," 1964: "Nai Chantana" (psued.). *X O group. ruang phainai khabuan seri thai* (X.O Group: Inside Story of the Free Thai Movement). Phranakhon, 1964.

Norman, 1940: E H. Norman. *Japan's Emergence as a Modern State.* New York, 1940.

Phonkaeo, 1970: Saisit Phonkaeo. "Kantosu khong khommunit nai prathet thai" (The Communists Struggle in Thailand). *Phuan Thai.* August 12, 1970.

Phumisak, 1974: Chit Phumisak (pseud : "Somsamai Sisuthonphan"). *Chomna sakdina thai* (The True Face of Thai Feudalism) Krungthep, 1974.

Piotte, 1970: Jean-Marc Piotte. *La pensee politique de Gramsci.* Paris, 1970.

Premchit, 1973· Siri Premchit. *Phrabatsomdet phrapokklao song toyaeng 'khaokhrong kansettbakit' khong nai pridi phanomyong* (King Phrapoklao Critiques the 'Economic Program' of Pridi Phanomyong). Krungthep, 1973.

Prizia and Sinsawasdi, 1974: Ross Prizia and Narong Sinsawasdi. *Thailand. Student Activism and Political Change.* Bangkok, 1974.

Phuaphongsakon, 1974: Niphon Phuaphongsakon. "Prasitthiphap Kanphlit kap kanthoekhrong thidin" (Production Efficiency and Landholding Systems) *Sangkhomsat Parithat,* XII:9(Sept. '74), 50-63.

Race, 1974: Jeffrey Race. "Thailand, 1973: 'We Certainly Have Been Ravaged By Something. . . .' " *Asian Survey,* XIV:2(Feb. '74), 192-202

Rekhuaruchi, 1966: Salao Rekharuchi. *Nung sattawat nangsuphim thai* (A Century of Thai Newspapers). Phranakhon, 1966

"Rua Bai," 1974. "Rua Bai" (pseud), ed. *Lom Thorarat* (Down the Tyrants). Krungthep, 1974

Ruangsin, 1974: Chai Ruangsin. *Prawatsat thai samai 2352-2453 ton thi nung dan sangkhom* (Thai History in the Era 1809-1910, Part One: Society) [Krungthep] 1974

Sakchiraphaphong, 1974: Wirat Sakchiraphaphong. "Nisit naksuksa kap kanmuang thai nai anakhot." (Students and Thai Politics in the Future). *Sangkhomsat Parithat,* XII·10(Oct. '74), 46-55.

Sarakham, 1974. Chawanit Sarakham, et al *Poet nakak si ai e* (Unmasking the C.I.A.). 3rd edition. Krungthep, 1974.

Saraphaiwanit, 1969: Luan Saraphaiwanit (Phraya Saraphai). *Fanrai Khong Khaophachao* (My Nightmare) Phranakhon, 1969.

Koset, 1967. Sathienkoset (pseud. of Phraya Anuman Ratchathon). *Chiwit chao thai samai kon* (Life of the Thai peoples in Times Gone By). Phranakhon, 1967.

Sawatsi, 1974a· Suchat Sawatsi. *Chit Phumisak* Krungthep, 1974.

Sawatsi, 1974b Suchat Sawatsi. *Khabuankan khommunit nai prathet thai.* (The Communist Movement in Thailand). Krungthep, 1974.

Senakhan, 1973· Anan Senakhan et al. *Dap Thewada* (End of the gods). 2nd edition Phranakhon, 1973.

Senakhan, 1974a: Anan Senakhan, et al. *A Tr. Antarat* (Athipbadi Tamruad [Police Director] : Danger). 2nd edition. Krungthep, 1974.

Senakhan, 1974b: Anan Senakhan et al *Khom thirak* (Dear Commies). 5th edition. Krungthep, 1974 [Reviewed in English in *Ronin,* No. 15, July 1974, 39-44]

Senanarong, 1969. Sawat Senanarong. *Phumisat prathet thai* (Geography of Thailand). Phranakhon, 1969.

Sewamat, 1967: Wichai Sewamat. *Kan loek that nai ratchasamai khong phrabatsomdet phrachulachomklao chaoyuhua* (Emancipation of the Slaves in the Era of King Chulalongkon). Krungthep, 1967.

Sibanthit, 1972: Nathi Sibanthit. "Nisit naksuksa thana klum plakdan khiengkhang prachachon" (Students as Pressure Groups Beside the People). *Sangkhom Nisit Naksuksa Haeng Prathet Thai.* Phranakhon, 1972.

Sichan, 1960: Rian Sichan and Net Phunwiwat *Prawat pathiwat khrang raek khong thai r.s. 130.* (History of the First Thai Revolution of 1911). Krungthep, 1960.

Skinner, 1967· G. W. Skinner. *Chinese Society in Thailand.* Ithaca, 1957.

Smith and Clarke, 1946: Nicol Smith and Blake Clarke. *Into Siam. Underground Kingdom.* New York, 1946.

Somutthawanit, 1974: Chaianan Somutthawanit *Sanniphon khong Thianwan* (Diverse Writings of Thianwan). Krungthep, 1974.

Somwichian, 1973: Kamon Somwichian *Prachathippatai kap sangkhom thai* (Democracy and Thai Society) Krungthep, 1973.

Sukhonthaphirom, 1974: Suphat Sukhonthaphirom. "Thammai chung tong mi phukokanrai khommunit" (Why Must There Be Communist Bandits?) *Sangkhomsat Parithat,* 12 2(Feb. '74), 105-112.

Sûreté générale, 1933· Gouvernement générale de l'Indochine, Direction des affaires politiques et de la sûreté générale, ed. *Contribution à l'histoire des mouvements politiques de l'Indochine francaise* 4 vols, Hanoi, 1933

Suwanaphichon, 1974. Rungwit Suwanaphichon. "Kulap saipradit. nakpraphan khong prachachon" (Kulap Saipradit: Writer of the People) *Sangkhomsat Parithat,* XII 8(Aug '74), 83-90.

Taiwan Takushoku K. K , 1939: Taiwan Takushoku K. K. Chōsaka (Taiwan Colonization Co., Research Section), ed., *Shina Jiben to Kakyo* (The Overseas Chinese and the China Incident). Taibei

Takasaki, 1967: Takasaki Misako. "Ju-hasseki ni okeru shin-tai kōshō shi. shamu kome bōeki no kōsatsu o chūshin toshite" (The History of Thai-Chinese Exchanges in the 18th Century· Considerations on the Thai Rice Trade). *Ochanomizu Shigaku* 10, (1967), 18-32

Tanaka, 1972: Tanaka Chūji "Tai ni okeru kakyo dōka to tai no kindaika" (The Assimilation of Overseas Chinese in Thailand and the Modernization of Thailand) in Kawabe Toshio, *Tōnan ajiya kakyo shakai hendō ron* (see above).

Tantikun, 1972 Suchin Tantikun. *Ratthaprahan ph s. 2490* (The coup of 1947). Nakhon Luang, 1972.

"Thanalai," 1974 "Thanalai" (pseud) *Pluk phi khommunit* (Planting the Communist Spectre). Krungthep, 1974

Thapthiumai, 1974· Yotthong Thapthiumai. *Phrungni khommunit cha khrong thai!* (Tomorrow the Communists Will Run Thailand!) Krungthep, 1974.

Thapthiumai, 1974a: Yotthong Thapthiumai. *Si ai e* (C I.A.) Krungthep, 1974.

Thaxton, 1973: Ralph Thaxton. "Modernization and Counter-revolution in Thailand," *Bulletin of Concerned Asian Scholars* 5.4 (Dec. '73), 28-38

Tongpao, 1974· Tongbai Tongpao. *Khommunit latyao* (The Latyao Communists). Krungthep, 1974.

Wathakan, 1962: Luang Wichitwathakan. *Wichit Anuson* (In Memory of Luang Wichit). Phranakhon, 1962.

Wilson, 1959 David Wilson. "Thailand and Marxism" in Frank Trager, ed., *Marxism and Southeast Asia* Stanford, 1959.

Wilson, 1967a: David Wilson. "China, Thailand and the Spirit of Bandung (Part I)," *China Quarterly,* 30(April-June, '67), 149-169.

Wilson, 1967b David Wilson. "China, Thailand and the Spirit of Bandung (Part II)," *China Quarterly,* 31 (July-September), '67), 96-127.

Winnarat, 1974: Pansak Winnarat. "CIA· khaw chak sakon nakhon· khong fak tung sapha khwammankhong haeng chat" (CIA. The News From Sakon Nakhon—Something for the National Security Council) *Sangkhomsat Parithat,* 12 2(Feb., '74), 14-25 [English translation in *Ronin,* No. 15(July, 1974), 34-39]

Yano, 1968: Yano Tōru. *Tai-biruma gendai seiji shi kenkyū* (Studies in the Modern Political History of Thailand and Burma) Kyoto, 1968.

"Khun Yaeng," 1973: "Khun Yaeng" (pseud). *Ratthathammanun si luat* (Bloody Constitution). Krungthep, 1973.

Yuwiangchai, 1973: Chaloem Yuwiangchai Review of "Thippakon," *Sinlapa phua chiwit, sinlapa phua prachachon,* in *Sangkhomsat Parithat,* 11:3(March, '73), 77.

Zimmerman, 1974: Robert F. Zimmerman. "Student Revolution in Thailand: The End of the Bureaucratic Polity?" *Asian Survey,* XIV 6(June '74), 509-529.

Landon, 1939: Kenneth P. Landon. *Siam in Transition.* Chicago, 1939.

Counter-Revolutionary War on a World Scale

by Mai Ho

War Without End· American Planning for the Next Vietnams, by Michael T. Klare. New York: Alfred A. Knopf, 1972 (Vintage paperback, 1972). xx, 464 pages, appendices, research guide, and research bibliography.

Michael T. Klare's book* reads like an adventure novel or a piece of science fiction. On the scene come all the great American universities with the best-equipped laboratories in the world, the most prestigious "think tanks," the most qualified scholars and technicians of advanced technology. Here are ingenious applications of the art of killing . . . at remote-control, of sciences studying seismic, magnetic, acoustic, thermic, optic, and olfactronic phenomena.

And not only the experts of physical sciences; also present are representatives of human and social sciences: psychologists, anthropologists, economists, ethnologists, sociologists. In brief, all the scientific disciplines, all the branches of knowledge, all the possibilities of the colossal industry of the U.S. with its vast firms, each of them has its role in the war. It is no longer a question of a nuclear war against the USSR as in the cold-war period, but a so-called counter-subversive war against the countries of the Third World. This kind of war is typified by the Viet Nam war. . . .

The lesson of Viet Nam, as learned by the U.S. side, is that other Viet Nams should be better prepared on the basis of the experience gathered in that country. The reading of Michael Klare's book on "the next Vietnams" is not only useful; it's indispensable for keeping our vigilance awake in the face of the dark schemes of U.S. imperialism. Michael Klare's great merit lies in providing factual information to show the first application of the new military "flexible response" strategy in Viet Nam, and then the preparations for its application in other Viet Nams in Asia, Africa, and Latin America.

The Scientific Pentagon

When Kennedy entered the White House, says Michael Klare, in the early 1960s, the strategy of "massive retaliation" which was based on the atomic striking force had proved to be ineffective. Notwithstanding the substantial aid provided by the U.S. the Vietnamese resistance war, which began in 1945, had ended in 1954 with the resounding victory of Dien Bien Phu. In 1949 the Chinese revolutionary forces overthrew the U.S.-supported Chiang Kai-shek regime. In 1953, the U.S. and its allies had to accept a cease-fire in Korea. In 1959, Batista was toppled in Cuba and the first socialist state in Latin America was set up at the very door of the U.S. So, it was not a problematic nuclear war with the USSR, but the revolutionary struggles, the "national liberation" wars, of the Third World countries that constitute "the gravest threat to American interests." Therefore, in order to preserve its "invisible empire" and to facilitate its expansion in the Third World, the U.S. found it most of all necessary to "develop new strategies and techniques for defeat of guerrilla armies in underdeveloped areas." The "flexible response" put forward by Maxwell Taylor soon found an ardent champion in John Kennedy: Viet Nam was selected as the place for the application of this new strategy.

Under the impulsion of Kennedy, assisted by so dynamic a man as McNamara, the technology of counter-revolutionary war witnessed an unprecedented development. In the mind of Kennedy and his associates, a U.S. defeat in Viet Nam was inadmissible. Its consequences would be disastrous for the regimes patronized by Washington.

The Pentagon under McNamara was reorganized from top to bottom: a whole network of institutes, laboratories, and organs for research and counter-insurrection was created, such as: the Advanced Research Projects Agency (ARPA) for the study of new techniques to be applied in underdeveloped areas, the U.S. Air Force Armament Development and Test Center (ADTC) for developing and testing munitions to be used in limited wars. The latter has at its disposal eight testing grounds and eight airfields. Eglin, the largest air base in the U.S., where the ADTC is located, also houses the Air Force Armament Testing Laboratory (AFATL) specializing in the research of weapons suitable for the requirements of tropical environments and the Air Force in Viet Nam. Among the products turned out by the ADTC and the AFATL is Puff the Magic Dragon—the well-known aerial gunship armed with rapid-fire machineguns. Other organizations include: the Combat Development Command (CDC) which worked out the conception of the "Air Cavalry" and the Limited War Laboratory, later called Land War Laboratory (LWL), which has a special responsibility for problems raised by the U.S. infantry in Southeast Asia, etc.

Since the GIs have to be dispatched overnight from one battlefront to another with completely different natural

From *Viet Nam Courier*, No. 29, October 1974.

conditions, and since "many of the under-developed nations of Africa, Asia, and Latin America encompass vast jungle and desert areas," a program to study "environmental extremes" has been systematically carried out to develop the GIs' "capability to operate and survive in such areas."

Southeast Asia jungles and marsh areas are of the greatest concern to the Pentagon because "20 percent of the world's land area" consists of humid tropical regions and the heat, humidity tropical diseases, and unsanitary conditions prevailing there "present a challenge to the [U.S.] soldiers."

The desert regions that make up 19 percent of the world's land area and occupy "strategic territory" in North Africa, the Middle East and Central Asia have not escaped the attention of the Pentagon which has chosen similar regions of Southwest America to test new clothing equipment and food for the purpose of training "an effective desert fighting man."

Then there are the mountain regions. As history has shown, these are natural refuges for partisans and rebels. Since World War II, Klare notes, they have sheltered the insurgents of Cuba, Algeria, Cyprus, Jordan, Yemen, Kashmir, Tibet, Viet Nam, Thailand, and Laos. And here is an interesting detail: "Such terrain occupies the whole southern frontier of Communist power from Central Europe to Viet Nam."

Meteorological, geological, botanical, and hydrographical data of typical regions of the various environments are gathered. However, the Pentagon is sometimes refused access to a strategically important region. In such cases, it will organize surveys of areas with analogous natural conditions. And so a "tropical environment data base" has been set up at Fort Clayton in the Panama Canal Zone and experiments are made in sites in Colombia, Puerto Rico, Hawaii, and Thailand, which are more easily accessible to the agents of McNamara and Co.

The Armament of Counter-Revolution

From their experience in Viet Nam, the Americans have come to the conclusion that in order to defeat the insurgents, they have to strike as soon as possible This presupposes a rapid deployment of troops, and to this end the Pentagon has created a very big fleet of aircraft with a great transport capacity. Successive transport aircraft have come into use: the C-124 Globemaster, then the C-141 Starlifter (which can carry 154 troops or 70,000 pounds of cargo), and finally the C-5A Galaxy (which can carry some 700 troops or 265,000 pounds of cargo).

The choice of the C-5A is very significant. It would allow Washington, as Barry Goldwater said, to reduce U.S. troop deployments abroad while maintaining an effective intervention capacity. Therefore, although U.S. forces are withdrawn from Asia, the U.S. can continue to "defend our national interests wherever they may be threatened." Thus the C-5A proves to be a very effective means for the application of the Nixon doctrine.

However the C-5A alone is not sufficient to solve the question of strategic mobility and a sea bridge should complement the air bridge. The equivalent of the C-5A on the sea is a floating arsenal ready to bring troops to troubled areas to join up with those landed by the air bridge. Those floating garrisons are primarily Fast-Deployment Logistics Vessels (FDL) of 8,000 to 10,000 tons, which can transport heavy tanks, armored vehicles, trucks, guns and munitions. In 1970, when Congress refused to finance this project, the Pentagon resorted to Amphibious Assault Ships or Landing Helicopter Assault Ships (LHA) which can transport 2,000 troops with heavy equipment, helicopters and amphibious vehicles.

To perfect the U.S. forces' capacity of rapid deployment, the Pentagon under McNamara catalogued some 1,400 places in various parts of the world which can be converted if necessary into "instant air bases" for the U.S. Air Force. These bases would be built within 72 hours and provided with all the equipment necessary for the operation of an air base. The materiel is brought to the site by air and can be demounted and stored to be used elsewhere.[1]

The capacity for rapid deployment represented by the C-5As, LHAs, and "instant air bases," says Klare, will act as a "deterrent" to guerrilla attack as the ICBM is for nuclear attack.

These revelations help us make a correct assessment of Nixon's decision to pull U.S. forces out of Southeast Asia. These withdrawals, Klare notes, "do not presage any lessening of our determination to control the destiny of that part of the world." (p. 164)

However, the use of "sophisticated" weapons of counter-insurgency war depends on an imperative condition: the detection of the enemy in good time. As Westmoreland, quoted by Klare, acknowledged, "battles were not fought, because the enemy could not be found or because, after initial contact, he had slipped elusively into the jungle."

In order to remove this handicap which had made the U.S. "a giant without eyes," McNamara created in 1966 the Defense Communications Planning Group (DCPG) for the co-ordination of research in the field of "detecting" and "spotting" the enemy. A multitude of detectors thus came into being. One can mention, among others, the XM2 or the XM3, commonly called a "people-sniffer," which, from a reconnaissance plane, can reveal the presence of a man on the ground because of the smells exhaling from his body, his respiration, perspiration, and excretion. Other means of detection by infra-red rays enable the pilot on the wing to distinguish targets "having less than one degree temperature difference with their background." In other words, they allow the easy location of camp fires, vehicles or men hidden under the foliage of the jungle. Provided with an acoustic detector, the GI can hear otherwise inaudible sounds, ultrasonic sounds. A seismic detector will inform him of a vehicle moving 200-500 meters below. Various types of seismic detectors have been perfected: PSID, MINISID, MICROSID, DSID, MAGID, ADSID, etc. The latter, which is shaped like a plant, is dropped from the planes into the jungle where it mingles with the natural vegetation.[2] Magnetic detectors immediately warn

1. During the last years of the Viet Nam war, the U.S. used 7-ton bombs which, according to documents of American origin, were aimed at blasting away all vegetation on a site large enough to serve as instant landing strip in the jungle. This author has seen a section of film showing the explosion of such a bomb in South Viet Nam.

2. In 1970-72, a specimen of the ADSID was shown to foreign visitors, including Americans, at the exhibition of U.S. arms organized by the Commission for Investigation into U.S. War Crimes in Viet Nam, Hanoi.

the GI of the near presence of persons bearing metallic objects – weapons.

From all this was born the idea of the "electronic fence" – the "McNamara Wall" – to run first across the DMZ, then along the "Ho Chi Minh trail" to watch for any movement of enemy troops. In order to spare the GI excessive "fatigue" in making such strenuous efforts of intellectual concentration to receive the information supplied by this plethora of detectors, in 1969 Westmoreland decided to use computers to treat all the collected data and make an immediate and effective reaction by bringing into play his "lethal" fire power. This was the concept of the "electronic battlefield" where everything is automatized and the deployment of big forces is no longer necessary.

However, it is public knowledge that all these futuristic technologies did not bring the expected results to the GIs bogged down in Viet Nam.

The reason is that these technologies alone cannot ensure victory. The "real battlefield" in a counter-revolutionary war seems to be elsewhere.

Already in 1966, an army researcher, Michael C. Conley, had realized that "the essential core of insurgent warfare is political." "Technology is no substitute for politics; the more the attention of the security forces is absorbed by technology, the closer that force is to political bankruptcy and possible military defeat." (p. 89)

This point of view was held by McNamara's group of young civilian assistants as early as the first days of Kennedy's presidency. But the military ignored it until the end of 1964 when, in the face of an imminent U.S. disaster in South Viet Nam, the Pentagon at last feverishly embarked on studying the social sciences. Anthropologists, psychologists, sociologists, economists, political scientists, etc., were then called in to obtain analytical models of social change and social control in underdeveloped societies.

With the escalation of the war in Viet Nam, the U.S. became more and more interested in the social and psychological characteristics of the guerrillas' organization. The Pentagon endeavored to find out the "factors that led peasants in underdeveloped societies to give their loyalty to an underground political organization at the risks of their lives." (p. 103) The RAND Corporation conducted secret researches on "Viet Cong Motivation and Morale." Data on the history, culture, religions and social composition of the country were gathered. Particular attention was given to studying the ethnic minorities living on the Central Highlands of Viet Nam, and particularly to the class of native officers who played a crucial role in counterinsurrectionary war plans. The role of the military in Africa, the Middle East, Egypt, Indonesia, Laos, etc., was also an object of studies by the Pentagon.

When the U.S. policy-makers realized that the revolutionary forces lived among the people like fish in water, they planned to institute a complete control of all resources with a view to "drying up the pond" and isolating the fish. As a result a "pacification" program was worked out to identify and neutralize "rebel" organization from the grassroots upwards.

War without the GIs

At all times, the imperialist powers must use indigenous mercenaries to ensure their rule in the colonies. But the local army is nothing but an auxiliary force for the troops of the metropolis. Under U.S. neo-colonialism, which nominally has no colonies and therefore does not, or practically does not, maintain troops in the Third World countries, the Pentagon's strategists have created a whole "science of mercenarization," to use the words of Klare, who considers Viet Nam a perfect illustration of the application of this doctrine.

The use of indigenous mercenaries to serve American interests is very advantageous. First of all, the cost of the war is greatly reduced. According to Clark Clifford, who is quoted by Klare, an Asian soldier costs only 1/15 of what is needed for the maintenance of one GI. This reduces the charges imposed on the American tax-payers and, in consequence, their opposition to the war. This political advantage – the absence or reduction of opposition – is also true on the international plane: the dispatch of GIs to foreign countries arouses the strong opposition of world opinion. "Mercenarization" reached its apogee with the proclamation of the "Nixon doctrine." Melvin Laird, Nixon's Defense Secretary, defined the new U.S. strategy in Asia as follows: "The basic policy of reducing direct U.S. military involvement cannot be successful unless we provide our friends and allies . . . with the material assistance necessary to insure the most effective possible contribution by the manpower they are willing and able to commit to their own defense and the common defense." And the best way to ensure that defense is, still according to Melvin Laird, to have the "indigenous manpower organized into properly equipped and well-trained armed forces with the help of material, training, technology, and specialized military skills furnished by the U.S."

So a whole hierarchy of mercenary forces has been established by the U.S. in its satellite countries. In Viet Nam, for instance, says Klare, there are the "irregular mercenaries" composed of minority groups working for the CIA, the "regular mercenaries" who make up the puppet Saigon army proper, then the mercenaries of other Asian countries, South Korea, Thailand, the Philippines, and finally the "elite mercenaries," the Anglo-Saxon professional armies in the Pacific (Australians and New Zealanders).

An important role is reserved for the indigenous police forces. This is because, to be effective, counter-insurgency must be able to sidetrack and eliminate the least symptom of subversion from the very beginning, before these "subversive forces" degenerate, as Taylor said, into a "disastrous situation such as that in South Viet Nam." As Klare put it, the police constitute the "first line of defense" for U.S. neo-colonialist positions in the Third World countries, and Nixon is "quite willing to subsidize the world's police to do the job for us." . . .

But "what will happen when the mercenaries finally realize that they are being used as cannon fodder by an absentee imperial power?" Klare wonders at the end of his book for, in his view, this strategy of mercenary war cannot bring any solution to the challenge put up by people's war.

However, this is not yet the view of the American leaders. That is why in spite of their promises of peace, "small" wars, limited wars, will continue to ravage the countries of the Third World. Yet the experiences of the Vietnamese people in their struggle against U.S. neo-colonialism are still relevant. They will certainly be put to use by the peoples who are victims of Washington's ambitions.

Losing Others' Lands—It Should Make Your Blood Boil

by Russell Baker

It was in the late 1940s that the United States finally succeeded in losing an entire country. In those years it lost China. It was an astounding feat, comparable to losing a bull elephant in a studio apartment.

Many Americans did not even know we had China until we lost it. I remember, at the time, meeting a politician. "Doesn't it make your blood boil that we've lost China?" he said. He said that if elected, he would find it and, what's more, would punish the people who had lost it. I was too terrified to admit that I didn't even know we had had China.

I tried to bluff through my ignorance. "Where was it the last time you saw it?" I asked.

"Where was what?" he demanded.

"China," I said. "Are you sure we didn't leave it in the garage?"

"You must be an imbecile," he said, smiling happily and plastering a bumper sticker on my lapel. "Vote for me."

I did. After a while I heard we had lost Cuba. The politician came back and asked if my blood wasn't boiling. I told him I hadn't been so mad since my wife lost the car keys. People ought to be more careful with things like Cuba, I said.

"What an idiot you must be," he smiled. "Don't forget to vote."

I voted him back to Washington and sure enough, he came knocking at the door again. "They've lost Cambodia," he said. "Doesn't it make your blood boil?"

Actually, I didn't think losing Cambodia was anything near the same class as losing China, or even Cuba, but I said it was terrible and would certainly vote for him if he would give me some information. He agreed.

I asked him what other countries we had. "I never know we have these countries until you come around to announce that we've lost them," I explained. "I'd like to know what we've got in safekeeping so I'll know what to expect next time."

"We could lose Turkey, Portugal or South Vietnam any day unless I am elected," he said.

"Could we lose Russia?" I asked.

"What a half-wit!" he said with delight, and urged me to vote several times.

Shortly afterwards, I went to Washington to see if he had heard of any place interesting being lost. His secretary, hearing the reason for my call, sent me instead to the White House Lost and Found Nations office. "Lost any good countries lately?" I asked a brilliant, hard-working director with an impeccable dossier at the F.B.I.

He was outraged. "You don't just lose countries, you simpleton," he said. "A country is not like your eyeglasses. You have to work and plan for years in order to lose one."

"It must be fascinating work," I suggested. "Do you think I could do it?"

"You amateurs!" he snorted. "Tell me, what would you do if you were assigned to lose England?"

I told him I would take it up to the attic in my hip pocket and then get distracted going through some old trunks, during which time it would probably sneak out of my pocket, crawl downstairs and hide itself in the garage rafters.

"That's not the way to lose a country," he said. "The first thing you do is find out what the English people want. Then you locate a general who believes they have all been duped by Communism, and you finance him to pull a coup, suppress the newspapers, ship the Queen to Switzerland, jail the House of Commons and then hold free elections which give every Englishman the chance to vote for the general. "If you're lucky, some farmers will take down their guns and start shooting at his headquarters in Windsor Castle. You then ship him a billion tons of bombs and bullets to defend himself against rebel strongholds in York, Manchester, Birmingham, Leeds, Canterbury and Bogner Regis.

"When England is starved and decimated, you ship the general several millions for pin money, so he can build a heated swimming pool for himself and an unheated prison for anybody he doesn't like. As the populace rises en masse against him, you send him more bullets to honor your commitment, and in 10 or 15 years England is lost."

"Does it always work?"

"We've been doing it for 25 years and it hasn't failed yet."

It made my blood boil, which didn't help those poor, lost countries one bit, but somewhere, I know, a politician smiled.

©New York Times Company 1975

Communication

Berkeley, Californi[a]
October 10, 1974

Dear Friends:

Concerning the matter of whose and what records to believe in the case of the people of Samar versus the Americans—notably Gen. Smith—I think Robert B. Cruikshank is asking the wrong questions. [letter published in Vol. 6, no. 2 (April-August 1974) about Luzviminda Francisco's piece, "The First Vietnam: The Philippine-American War in 1899," December 1973 Bulletin] What was and is the United States Army doing in the Philippines anyway?

Sincerely,
Nina Nagal

Index

1974: Volume 6, Numbers 1-4

Vol. 6, no. 1/January-March 1974

J. Salaff, " 'Modern Times' in Hong Kong"
R. Doner, "The Development of Agribusiness in Thailand"
J. Dower, "Occupied Japan: A Working Bibliography"
E. Ahmad, "America and Russia in South Asia: Conflict or Collusion?
P. Caplan, "Weather Modification and War"

REVIEWS

N. C. Binh–David Marr, *Vietnamese Anticolonialism*
J. Werner, introduction to Binh
T. A. Bisson–Halliday and McCormack, *Japanese Imperialism Today*
C. Y Yu–Katz and Milton, *Fragment from a Lost Diary*

Vol. 6, no.2/April-August 1974

R. Boardman, "Chinese Foreign Policy: Towards Authentic Social Science"
E. Friedman, "Chinese Foreign Policy and American Social Science"
R. Berger, "Financial Aspects of Chinese Planning"
C. Budiardjo, "Political Imprisonment in Indonesia"

REVIEW ESSAYS

D. Roden, "Forays into Japanese Cultural Psychology"–DeVos, *Socialization for Achievement*
G. Bennett, "The Academy on Japanese Foreign Policy"
E. Lerner, "The Chinese Peasantry and Imperialism"–Chalmers Johnson, *Peasant Nationalism and Communist Power*

REVIEWS

N. Maxwell, "The Sino-Soviet Boundary Question"
C. Payer, "Harvard on China–II,"–Myers, *The Chinese Peasant Economy*, Hou, *Foreign Investment and Economic Development in China, 1840-1934*
G. Omvedt–Gough and Sharma, eds., *Imperialism and Revolution in South Asia*
M. Markowitz–Simonsen and Dunnigan, *The East is Red, A Simulation of a Sino-Soviet War*
J. Sechi–Houston, *Farewell to Manzanar*
R. Kagan–Chomsky and Zinn, eds., *The Pentagon Papers, Vol 5. Critical Essays*

Vol. 6, no. 3/September-October 1974

B. Torrey, "Australian Imperialism in Papua New Guinea"
N. K. Vien, "The Vietnamese Experience and the Third World"
B. Nee, "Sanya: Japan's Internal Colony"
S. Andors, "Hobbes and Weber vs. Marx and Mao: The Political Economy of Decentralization in China"

REVIEW ESSAY

J. Moore, "The Japanese Worker,"–Abegglen, *Management and Worker;* R. Cole, *Japanese Blue Collar;* R. Dore, *British Factory–Japanese Factory*

REVIEWS

B. Cumings–Wales and Kim, *Song of Ariran*
L. Cawley–Nielsen, *The Big Foundations*
C. Payer–Mamdani, *The Myth of Population Control*

Vol. 6, no. 4/November-December 1974

R. Franke, "Solution to the Asian Food Crisis: 'Green Revolution' or Social Revolution?"
R. Franke, "Guide to Radical Literature on Asian Economic/Agricultural Development"
A. Menras, "How America Mocked the Ceasefire"
Bay Area China Education Project, "Highly Recommended Secondary Classroom Materials on China"
C. Aguila, "Detention Camp: Manila"
G. Arlin, "Martial Law in the Philippines: Two Years Later"
U. Mahajani, "Aliens, Ambassadors, and Academic Freedom: Moynihan vs. First Amendment"
J. Robinson, "Academic Freedom and the Occupation of Germany and Japan"

REVIEW ESSAYS

G. Omvedt, "Agrarian Crisis in India"
B. Avery, "Teaching China in College: Nine Texts"

REVIEWS

G. McCormack–Roberts, *Mitsui· Three Centuries of Japanese Business*
U. Mahajani–Alejandro Lichauco, *The Lichauco Paper*

HONG KONG: A CASE TO ANSWER 香港

An Analysis of Conditions in Britain's most important remaining colonial possession. By Hong Kong Research Project and Spokesman Books.

CONTENTS:

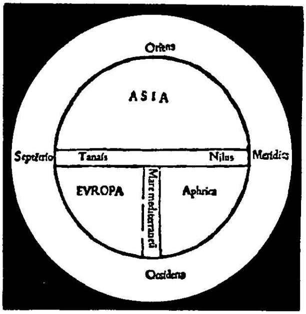
History
The Administration of Hong Kong
The Economy
Economic and Social Conditions
Hong Kong and Britain
The Political Future

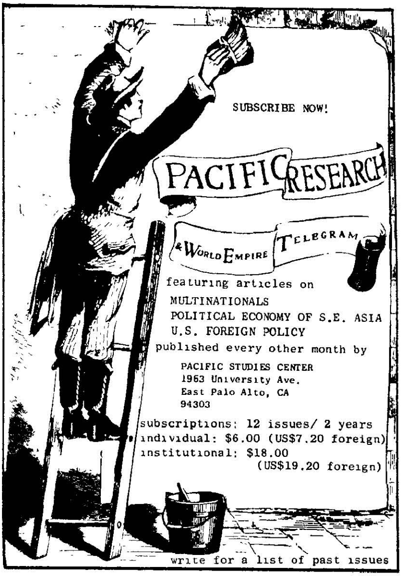
Prices: $1.15/£0.45/HK$2.30 (surface mail). Send check or money order to Partisan Press, Bertrand Russell House, Gamble St., Nottingham NG7 4ET, England.

For further information on the Hong Kong Research Project write to: Walter Easey, c/o AREAS, 6 Endsleigh St., London WC1.

For a Marxist perspective on South Asia subscribe to:
FRONTIER
c/o Samar Sen
61, Mott Lane
Calcutta 13, India
$15/year airmail (every 2 weeks)

Recommended by the CCAS South Asia Committee as an irreplaceable source of news reporting and political analysis on the subcontinent.





China Books

Literature from China & Vietnam
Poems of
Mao Tse Tung & Ho Chi Minh

Subscription to Chinese Literature Monthly Magazine $3.
Request Free catalogue.
Open: 9-6 M-S
CHINA BOOKS & PERIODICALS
2929 24th St SF 94110 282-6945

Join the long march

The Guardian newsweekly provides a clear Marxist-Leninist analysis of imperialism's political and economic crises, women's struggles, the rise of the third world, the people's movement at home and abroad, and more. It also features special political columns, cultural and book reviews, on-the-spot coverage from China, Portugal, Southeast Asia, and around the U.S. Try us for 8 weeks, send only $1.

Read the Guardian every week!

☐ $12.50, one year ☐ $20, 2 yrs. ☐ $7.50, one yr. unemployed, student or retired
☐ $1, 8 wk. trial offer.

Name..

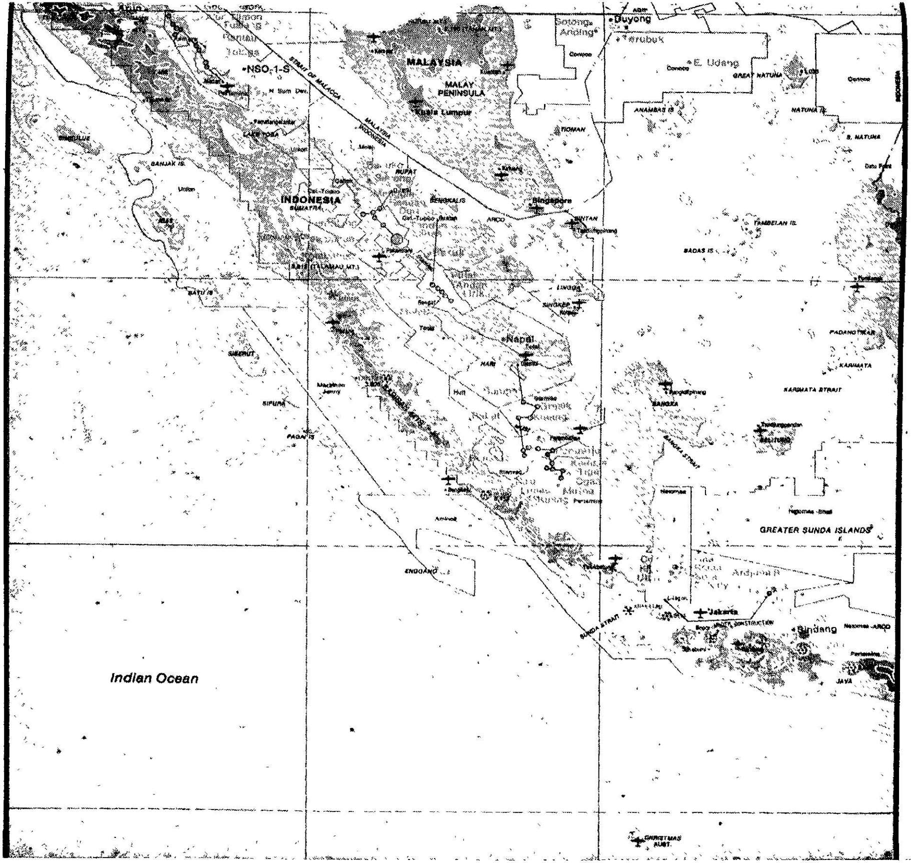
Address...

City........................State...............Zip...................

(Add $4 per yr. additional postage for Canada and elsewhere abroad.)
Mail to: Guardian, 33 West 17th Street, New York, N.Y. 10011. AS

BETTER IDEAS .. *from Xerox*

The microfilm edition of the *Bulletin* is now available. Back issues on microfilm may be purchased for $4.00 for volumes one through two [March 1969-Fall 1970]. Volume three, 1971, and succeeding volumes are $4 per volume/year. Note catalog number 6049 *Bulletin of Concerned Asian Scholars* Order from. Customer Services–periodicals, University Microfilms, 300 N. Zeeb Rd., Ann Arbor, Michigan 48106 USA.


MALAYSIA
MALAY PENINSULA
Kuala Lumpur
STRAIT OF MALACCA
MALAYSIA INDONESIA
INDONESIA
SUMATRA
NSO-1-S
Duyong
Terubuk
E. Udang
GREAT NATUNA
NATUNA IS.
ANAMBAS IS.
TIOMAN
Singapore
BINTAN
BENGKALIS
RUPAT
ARCO
LAKE TOBA
SIMEULUE
BANJAK IS.
NIAS
BATU IS.
SIBERUT
SIPURA
PAGAI IS.
ENGGANO
TAMBELAN IS.
BADAS IS.
LINGGA
SINGKEP
Napal
HARI
BANGKA
BANGKA STRAIT
BELITUNG
KARIMATA
KARIMATA STRAIT
PADANGTIKAR
GREATER SUNDA ISLANDS
SUNDA STRAIT
Jakarta
Bindang
JAVA
Indian Ocean
CHRISTMAS AUST.
Conoco
INDONESIA